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Slang bang

IF IT was the intention of Mr Orville Freeman that his visit to this country this time should attract a little more attention than it might otherwise have done, he has not been unsuccessful. His choice of phrases in describing what he regards to be our Industry minister's ambiguous attitudes towards big business has turned the trick. He could have said that Mr Fernandes wanted to eat the cake and have it, or that Mr Fernandes was blowing hot and cold. Instead, he preferred a more picturesque and, perhaps, intriguing expression leaving at least some gentlemen of the press wondering whether Mr Freeman was secretly relishing the "slang connotation" of his words. Being given to the use of earthy language himself, Mr Fernandes, if he had reacted at all, had probably just grinned in his endearing manner. But, then, there is Mr Krishna Kant, who seems to be wearing his national pride on the sleeves of his *kurta* these days. Taking offence at Mr Freeman's criticism of the Industry minister, he has demanded the winding up of the Indo-US Joint Business Council, claiming that it has become "a lobbyist of the US multinationals' creed and policies". Where a crumb of provocation would have sufficed, Mr Freeman, evidently, had treated Mr Krishna Kant to a mouthful.

As an itinerant salesman of American big business, the president of Business International Corporation, however, will be well-advised to talk in the idiom of the country he is visiting rather than in the slang of his own native land. Mr Freeman, of course, has a variety of fish to fry and Brazil, Taiwan, Hong Kong or South Korea may have more prospects to offer for the interests he represents than India with all its inhibitions and reservations about foreign capital. But, for the Indian economy itself, the development of orderly and expanding relations with US business and financial institutions may be of considerable importance if it is to raise the levels of investment in its industry. Unfortunately this is a truth which has not found as much acceptance in our country as it ought to have done and some of our politicians have been only too quick to exploit this lack of adequate understanding. American business ambassadors, such as Mr Freeman, will therefore be doing a real service to Indo-American business collaboration if they would watch their tongues as well as their steps. Diplomacy is too valuable to be left wholly to the diplomats.

It is particularly necessary not to give scope to controversies about the Indo-US Joint Business Council, which is a promising vehicle of communication and is now on the point of being strengthened in its works. An American executive is to be stationed here and an Indian executive in New York to identify suitable parties for link-ups. The former has already been nominated and Mr Freeman described him (because he had been serving earlier in India with a multinational) as a man who "knew the ropes"—an expression which again could perhaps be misinterpreted by Mr Krishna Kant and his like as meaning "could pull strings". Mr Freeman is playing an active role in processing these arrangements and his reading that US private investments could be attracted on a large scale provided the right climate is created in this country cannot be dismissed merely on the count that only a fraction of US capital invested abroad has so far been inclined to move into Indian industry. Given the government's policy of enforcing a dilution of foreign equity in existing companies, it is all the more necessary for other measures to be adopted simultaneously for promoting the re-investment of the foreign capital thus displaced from its original investments as well as inspiring and assisting the inflow of new capital. Our national economy definitely needs a large net accretion of foreign capital to supplement domestic savings which are clearly not adequate in themselves for any worthwhile stepping up of industrialization or employment.

West Bengal : in candle-light

WHEN RECENTLY a few members of the West Bengal legislative assembly attended the session with candles and lanterns in their hands, the government felt rather embarrassed and some ministers protested saying that it lowered the dignity of the house. But the fact remains that at a time when numerous industries in the state—large, medium and small—have been facing acute hardship due to the severe and persistent shortage of power, the units producing candles and lanterns seem to be doing brisk business and the outlook for them in the coming months seems to be quite encouraging. The power situation which showed some improvement in June and July has deteriorated, and extensive and erratic load-shedding has again become a daily occurrence. Mr S.M. Murshed, the Power secretary to the state government, said in a talk to the Calcutta Rotary Club a few days ago that West Bengal would continue to suffer till next April because it would not be possible to provide new high-tension connections. According to him, the power availability is "precariously balanced" and the state has "absolutely no reserve". Mr Murshed said that the people would have to live with the crisis for one and half years more. But the crisis is likely to last much longer and perhaps may become even more severe.

power situation

In his presidential speech at the first quarterly general meeting of the Indian Chamber of Commerce, held on September 8, Mr S. K. Birla referred to the set-back in the power situation and remarked that he was "startled" to note from press reports that "our state enjoys the dubious distinction in that its generating stations are working uniformly badly, at almost the lowest rates of efficiency in the country." But has not this fact been quite well known for a long time? What should really cause surprice is that the state government has not been as prompt and energetic as it should be, in dealing with this problem. "It seems to me", said Mr Birla, "that the twin problems of labour and management inefficiency have yet to be tackled". He added that this matter was receiving "the closest attention of the state government" but the speech of Mr Murshed (whose name rhymes with load-shedding!) seems to indicate that the authorities are likely to take a long time in dealing effectively with these problems.

mutual recrimination

The left front government has now completed 15 months in office. Though no one expected the government to find a permanent solution to the power problem in a short period, it was thought that at least it would be able to spare citizens and industries from the agony of unscheduled load-shedding. But the government has not been able to provide even this relief. It is true that the Congress government had neglected the problem of power development. However it is interesting to recall that the Congress government had blamed its predecessor regime for causing the power crisis. As Mr Ghani Khan Chowdhury, the then Power minister, said in a seminar in November 1975: "It is a fact that from 1966 to 1972 not a single new generating unit was commissioned in West Bengal. Those were recessionary days. There was political instability and industrial unrest and the load forecasts made were incorrect. Yet, the single stark fact which we must see and recognise is that, when this ministry took over, not a single new generating unit had been commissioned in more than six years. Santaldih had been delayed and the DPL 6th unit of 150 MW had been abandoned. The scope of Santaldih had been reduced, the transmission voltage was changed and fresh designs had to be made. The Calcutta Electric Supply Co's oldest units were ageing and their generating capacity eroded. The unstable period of unscheduled load-shedding had already gripped the state before we assumed office".

Mr Choudhury added that "We have got no surplus generating capacity. Any slightest dislocation caused by the technical fault in generation, theft of transformers and wires or any tampering with the transmission system may result in disruption of the supply of power". The situation today remains practically the same as it was three years ago.

gas turbines

The state goverment has decided to set up five gas turbines of 20 MW each in the next year, for which global tenders have been invited. The government of India has agreed to exempt them from import duty. Their installation is expected to improve the power situation but it seems doubtful whether its effect will be substantial. The power generated by these turbines will be more expensive and the additional cost will have to be passed on to the consumers. Moreover, when the government has not been able to tackle the problems of labour and management in the power plants, will the installation of gas turbines make much difference to the situation? Similarly, the commissioning of the third unit at Santaldih in December this year does not also warrant much optimism. Mr Murshed has frankly said that the government is not quite sure as to how this new unit would behave because it is manufactured indigeneously!

Mr Birla said that even with the planned additions to the generating capacity, there would be a shortfall of over 200 MW by 1982-83. "This is indeed a serious situation", he observed; and suggested that the government should draw up plans for additional power generation to overcome this projected shortfall. In the meanwhile, he urged the government to encourage the installation of captive power plants by one or a group of factories. The proposal has been reiterated on several occasions but its implications do not seem to have been clearly analysed. How many factories are prepared to instal captive sets either individually or in cooperation with one another? What will be the cost involved and what kind

of incentives do they expect from the government of India and the state government? It seems surprising that these and the other related issues have not received serious attention so far either from industrial associations or from the state government though the power shortage has been prolonged and acute and is likely to remain so for a long time.

Mr Birla said that West Bengal continues to be "the worst affected state as far as industrial sickness is concerned". He expressed regret at the fact that though the government had repeatedly expressed its anxiety to tackle the roots of this problem, action was not forthcoming in right earnest. He added, "The inflexible and routine approach adopted so far in all cases of sickness has failed, as evidenced by the IRCI itself. It of course goes without saying that, regardless of the size of a unit—large, medium or small—unless it is allowed steady growth, sickness will become a recurring problem". But how can industries afford to grow steadily with so much uncertainty regarding power supply? The major causes of industrial sickness so far have been demand recession, labour unrest, bad management and shortage of funds. But in states like West Bengal the problem of industrial sickness may be aggravated in the coming months if the power situation shows no improvement though units manufacturing candles and lanterns may continue to boom.

Tea tastes better

THE 85TH annual session of the United Planters' Association of Southern India (UPASI) was not marked by any animated discussion of the problems of major plantation industries as the heat of the controversy over the levy of a highly regressive export duty, in the face falling tea prices, had subsided with the announcement by the central government that the duty had been reduced to two rupees per kg from five rupees per kg. This decision was taken only a few days prior to the date of the annual session in Coonoor. Though the tea interests had represented to the government that the duty should be abolished altogether as the nett price realised on sales at the auctions was even less than the cost of production of common teas, there was satisfaction in some quarters that the heavy incidence of punitive levy had been recognised and the authorities could be ultimately prevailed upon to adopt a scientific procedure to impose levies after a satisfactory arrangement had been made for maintaining internal prices for tea at reasonable levels as in the case of coffee.

The minister of state for Food and Agriculture, Mr Bhanu Pratap Singh, who addressed the conference, could not naturally dwell on the problems relating to central and state taxation of earnings of plantation companies as they were not within his purview. But it was recognised that the efficiency of plantation agriculture had resulted in valuable contribution to export earnings and highly profitable use of scarce land resources. As pointed out by the chairman of the Tea Board, Mr B.K. Goswamy, the increase in area under tea in 1955 and 1973 was only 13 per cent while production has risen by about 50 per cent, implying that whatever increase that has been achieved in production was due mainly to the yield rate. Some of the highest yields per hectare in the world have been reported by estates in south India. Though there is still scope for increasing production by 15 to 20 per cent through modern methods of pruning, larger inputs and rejuvenation of old bushes, the stage has been reached, as observed by Mr C. Prabhakaran in his presidential address in the conference, where it has become imperative to have perspective planning for the development of plantation industries in the next two decades and the formation of a plantation corporation exclusively intended for solving conundrums relating to the financing of replantation and extension programmes of tea, coffee, rubber, cardamom, cashew-nut and pepper on a defined basis.

The outlay on fresh developmental programmes will not be forbidding in any sense as the Tea Board has estimated that the gross requirements of tea estates in the five-year Plan for the period 1978-83 would be Rs 268 crores, out of which Rs 60 crores are likely to be secured from internal sources, Rs 25 crores by Tea Board and the balance of Rs 183 crores will have to be provided by outside agencies.

The estimates relating to other plantation industries are not readily available. But it will be no exaggeration to say that the total requirements will be in the region of Rs 550/600 crores and assistance by the proposed plantation corporation or other agencies will have to be only of about Rs 80 crores annually. The earmarking of this amount and the corresponding additions to inputs can be easily made as the benefit in the shape of additional employment, larger foreign exchange earnings and the revenues to the exchequer will be substantial.

valuable contribution

There is no proper recognition of the valuable contribution made by the plantation industries to export earnings in 1977-78 with unprecedented boom in all commodities. The value of exports was as much as Rs 950 crores in respect of major plantation products against Rs 550 crores in 1976-77 which itself was a good year. The increase in export earnings in 1976-77 as compared to the previous year was Rs 80 crores. The central exchequer derived a revenue of Rs 177.25 crores in the revised estimates for 1977-78 through export duties on tea, coffee and cardamom, while excise duty on tea and coffee fetched Rs 63.80 crores and Rs 7.20 crores respectively. Even with high prices for tea the incidence of export duty was 20 per cent of the gross value of exports and of the levy on coffee 29 per cent.

The direct taxes levied by central and state governments account for 65 per cent of assessable incomes and if it is borne in mind that export duties on tea and coffee took away 10 per cent and 15 per cent of gross incomes, the centre and states concerned derived greater benefits out of the boom than the producers themselves. It is of course true that even the residual

profits were sizable though it should be remembered that no current comparison can be made with earlier profits as they were poor, and many gardens were sick. The anxiety of the government to keep down prices for tea and the other beverages, ignoring the fact that the taxes themselves have had an inflationary effect, has been responsible for inducing again sickness in the industry. There will have to be an entirely different approach when deciding on export levies, as stated earlier, as unimaginative policies will have a defeating effect.

internal marketing

Some method will have to be devised for marketing tea internally as in the case of coffee and the distortions that arise in pricing in the name of blending or packeting will have to be eliminated. In spite of the fact that the prices at the recent auctions have declined sharply and only a slight recovery has been recorded after the reduction in the export duty, internal prices have not recorded a corresponding drop presumably because of the need to liquidate earlier high-priced stocks or a desire on the part of some to offset the loss sustained on exports through relatively higher prices on internal offtake. These discrepancies can be removed with a proper understanding of the requirements of industry and regular discussion between the representatives of the government and the industry. Even with a drop in tea prices, exports of our plantation products may still be in the region of Rs 650/700 crores, which is much higher than the values secured in 1976-77.

The perspective approach to future development has, therefore, assumed importance in the changing situation. The output of tea has to be doubled nearly to 1000 million kg, by 2000 AD when internal consumption may rise to even 750 million kg. The exportable surplus will not thus be much larger than it is now. In the case of coffee there may have to be even a trebling of output to 300,000 tonnes by the turn of the century as the internal consumption may rise at a faster rate in the next two decades if the coffee habit becomes more popular outside the southern region as is likely. There will have to be conscious attempt to overcome the deficit in cashew kernels while the output of natural rubber will have to rise steadily by even 15 per cent annually if the emergence of deficit is to be avoided not to speak of the need for achieving an exportable surplus.

No serious attention has been paid to the expansion of cardamom and pepper cultivation. The states of Kerala, Karnataka, Tamil Nadu, West Bengal and Assam have a vital stake in the wellbeing of plantation industries. The scope for extending cultivation of coffee in Andhra Pradesh and elsewhere is being examined. The area under rubber can be increased substantially in Tamil Nadu, Karnataka and Kerala. With greater attention to the requirements of small growers, the coffee and rubber estates can achieve a spectacular increase in production in the next decade. The formulation of plans for extension of cultivation of various crops and systematic replantation of over-aged tea bushes will, for their part, take care of future requirements. What is done in the 'eighties will pave the way for future sustained growth and will ensure continued prominent role of plantation crops in exports even when attempts are being made to boost shipments of non-traditional products.

Policy for transport

THE NEED for a national transport policy has assumed urgency and importance in the context of the sixth five-year Plan and the government of India therefore has done well in setting up a committee, under the chairmanship of Mr B. D. Pande, a former secretary of the central cabinet, to study this problem and submit its report. The committee has issued a comprehensive questionnaire, seeking information on the problems and prospects of developing various modes of transport including railway, road, air, inland waterways, coastal and international shipping as well as pipeline transport and ropeways. Views are also sought about the role of rickshaws and bullock carts but the questionnaire does not refer to cycling and walking which are bound to become more relevant in urban transport in the coming years. The committee may be expected to produce a competent report but it remains to be seen to what extent the central and the state governments will fully cooperate with one another in evolving and implementing a really national policy on transport, which is so essential for imparting buoyancy to the growth of the country's economy.

Though considerable progress has been made since independence in developing the different forms of transport, it has been far too slow in relation to the needs of the country. The road length in km per 100 sq. km of area in India is estimated at 34.45 compared to 276.87 in Japan, 64.60 in the USA, 794.60 in West Germany, 138.04 in the UK and 144.23 in France. The availability of surfaced roads in India is even more meagre. The annual outlay on roads in India has been of the order of 2/3 on one per cent of the national income compared to between 2 to 5 per cent in many developed countries. Rail transport has made substantial advance in many directions. In fact, our railway system is said to be the fourth largest in the world and the largest in Asia.

Nevertheless, the fact remains that many parts of the country are not connected by the railways. There is, of course, immense scope for the vigorous development of both road and rail transport, and it is for the committee to examine how this can be achieved in an effective and coordinated manner. Heavy and indiscriminate taxation of the road transport industry has severely retarded its progress and many research studies and official committees have highlighted clearly this aspect. The Pande committee also may be expected to make certain recommendations for the reduction and rationalisation of the tax system but it seems doubtful if the central and the state governments will readily agree to accept them.

Mr S. Moolgaokar, chairman of the Tata Engineering and Locomotive Com-

Information Service

pany, recently drew attention to the incidence of taxation on transport and he commented as follows: "I am fully conscious that in quite a few cases neither criticism nor counsel has really made much difference to the policy-makers. Last year, I pleaded for the removal of octroi and for the reduction in excise duties. The excise duty on commercial vehicles now actually stands increased. I continue to remain optimistic however that the increasingly important role of the road transport industry will one day be reflected in a more pragmatic scheme of taxation and that this day will dawn before further damage is done". Optimism is always good but, so far as the road transport industry is concerned, the time to reduce taxes and improve its viability is now and not in the distant future.

The industry provides direct employment to about 6.5 million people and indirect employment to many millions. Each motorable vehicle is estimated to create at least 12 jobs. Besides, there is scope for augmenting the earning of foreign exchange by exporting automobiles and their ancillaries. During 1977-78, for instance, the Tata Engineering and Locomotive Company's exports reached Rs 37 crores. The *Economist* of London recently said that the car components industry was "the shining example of automotive success" and that "between them, companies like GKN, Lucas, Automotive Products, Dunlop, Smith, and Associated Engineering, export £ 1740 million a year—almost as much as all the car and commercial vehicle manufacturers put together".

The Pande committee has to give special attention to urban transport. Here the problem is not so much of lack of resources as of efficient administration. State transport undertakings have been losing heavily mainly because of inefficiency, indiscipline and corruption. The World Bank is reported to be considering the grant of a loan of over Rs 100 crores for improving the transport system in Calcutta. But all this money may go to waste unless care is taken to run the transport undertakings with reasonable efficiency. The condition of most roads in Calcutta continues to be awful and even those which were repaired only a few weeks ago need to be repaired again.

As regards air transport, there is, of course, vast scope for development. But the problem has to be tackled in an integrated manner. For example, while promoting air travel by lowering the fares, attention should be given to improving the facilities at the airports. A new airline, Free Skies Airways of Luxembourg, has announced its intention to sell air transportation between Europe and Asia at a budgeted fare of about £160 for a round trip against the present fare of £320. It remains to be seen how far this airline will be able to inspire confidence among the public and operate the scheme successfully. Its planes may be the safest on earth but will they be so in the sky? What about the capacity of the airports to cope with the new rush of traffic?

The Pande committee therefore will have to consider carefully several aspects of the problem while making its recommendations for a national policy on transport.

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Concentration of economic power

K. K. Birla

In this article published in two instalments in *The Hindustan Times* of the 19th and the 20th September, Mr K.K. Birla analyses the concept of "Concentration of Economic Power" and points out how this has been distorted into a political slogan and interpreted in a way which could cause harm to the growth of the national economy and its capacity to provide more employment or raise the standard of living of the people. He explodes the myth that businessmen have been able to influence the government's economic policies through the use of their wealth or "money power" and points out how the government has repeatedly been taking decisions which have pushed out the private sector in favour of the public sector and has also otherwise restricted the functioning of free enterprise. He suggests that the role of large business houses in the control or management of industries is not inconsistent with the public interest.

"CONCENTRATION OF Economic Power": since the attainment of independence one constantly hears this expression in our country. No one to my knowledge has clearly defined it, though people have an entire spectrum of views and ideas about what it means. I do not know, however, how many understand its real import.

"Concentration of Economic Power" to my mind implies two concepts: The amassing of wealth by an individual and the presumption that such accumulation is invariably put to wrong use. If these premises are correct, two fundamental questions arise: is it sinful to be wealthy? How do we define or measure wealth?

a relative term

Wealth after all is a relative term. Its concept differs from society to society, country to country. Take the case of a young Indian known to me who some three years ago settled in the United States with his wife and daughter, much against the wishes of his aged parents. Both husband and wife work, and, within the short period of three years, they have been able to save enough to acquire two cars (second-hand), a refrigerator, a washing machine, a television set and several other domestic appliances. Even their daughter, who is still studying, has saved about three thousand dollars (Rs 25,000), besides having a TV and a tape recorder of her own bought out of her savings. Out of curiosity, I inquired how a young girl, who is still at school, could have saved that much. I was told that in her spare time the girl worked as a baby sitter! This family, before it left India, was regarded as an average middle-class family. It is still an "average" family—by American standards. But the parents and friends of this family now regard it as fairly well-to-do. This should show that the concept and definition of wealth differ from country to country; there is no uniformity in this respect.

The possession of wealth is by no means undesirable; its misuse is. "Money is like an arm or a leg," said Henry Ford, "use it or lose it". And yet people harp on the slogan "Concentration of Economic Power" without bothering to ascertain whether such wealth has been utilised for good or bad purposes.

POINT OF VIEW

To be wealthy is certainly no sin. "When it is a question of money," wrote Voltaire, "everybody is of the same religion." It is poverty, not wealth, that is the greatest challenge to a country, its leaders and its government. A government which cannot emancipate the poor loses its popularity.

The expression "Concentration of Economic Power" is fashionable only in India; it is rarely taken seriously in Japan, the advanced countries of the west and in the developing countries of Africa and the east. In this connection, it may be interesting to note the observations made by Mr Nanaji Deshmukh, general secretary of the Janata party, after his recent visit to South Korea, Japan, Hong Kong, Thailand and Singapore. Mr Deshmukh says:

"Lastly, there is no sin attached to wealth or to making money wherever I went...." "Tax dodging must exist but this is not a serious problem. Nor black money. Adulteration is a word in the dictionary. Enjoyment of life, its joys, its adventures, its challenges, its achievements seemed to be a religion to the peoples of the countries I visited."

wealth as untouchable

Here in India wealth today is treated by some as something untouchable though this was not so in the past. It is instructive to recall Charudatta's words in the great Sanskrit play the "Toy Cart": "Death is only an instant of suffering, but being poor drags on and on."

How did the slogan "Concentration of Economic Power" become fashionable in India? In our country, too, it was almost unknown prior to the second world war. During the war and the post-war period when there was widespread scarcity of essential commodities, controls were introduced by the government of India to ration the distribution of goods in short supply. Now, when there are few goods and high demand, prices will rise irrespective of controls. Prices rise when there are no controls and so do the profits; profits in turn stimulate production and subsequent drop in prices. When there are no controls there are no black-markets. So prices automatically attain a level governed by the law of supply and demand. On the other hand, if during shortages controls are imposed, goods disappear and black-markets are created. Those who indulge in such nefarious activities want to make quick

money. This is exactly what happened in India during the war and the post-war period when black-markets thrived and many unscrupulous people benefited from shady deals. In fact, this is what prompted Mahatma Gandhi to denounce controls; he expected the people to exercise self-control. The Mahatma, in relation to the controls, said:

"It would be negation of democracy if government did everything and the people did nothing...."

(*Hindustan Times* December 6, 1947)

Gandhiji further observed:

"The object of removing controls is to return to normal life. When controls are removed, the nation will breathe free.... Decontrol means that the business of foresight is transferred from the new members of the government to the millions composing the nation."

(*Hindustan Times* December 9, 1947)

Unfortunately, however, the sins of a few tarnish the names of many.

social parasites

Good and bad people can be found in every section of society and in every vocation. A man who merely hoards wealth and does not put it to any public good is, in my opinion, a social parasite. But what is the point in running down a person, if by dint of his hard work and entrepreneurship he attains success and prosperity in life and puts his wealth to good use?

A good old saying goes:

Swadeshe Poojyathe Raja
Vidwan Sarvatra Poojyathe.

(A king is respected only within his kingdom; but a scholar is respected everywhere.)

Very true. I would only like to add that a businessman too, possessing vision and judgement, dynamism and creative leadership, will make his mark and will prosper wherever he is. In fact, some of the most prosperous families among Indians are those who have settled abroad and built up flourishing business there.

Economic, political and other types of power can be acquired by many means. Riches is only one of them. Power—economic or political—becomes a bane only if misused. The question naturally arises: Has economic power been misused in this country?

It could be nobody's contention that lavish living and palatial residences exercise an evil influence on the non-affluent. In fact, gone are the days when the rich built or lived in wondrous palaces. Their residences now are often no larger than those of the ministers of the government. They do not have even the large gardens that ministers' residences in Delhi have. But I am not going to stress this point. My point is that if the rich lead a life of pomp and show, it undoubtedly is a vulgar display of wealth; it is rightly condemned by our national leaders and, in fact, by many of the rich too; but certainly this cannot be construed as misuse of economic power so long as they harm no one. The question of misuse of power arises only in case such wealth is utilised to obtain an undue advantage or favour. Is there then truth in the charge that wealth is utilised to deprave our public men and government servants? Is it being seriously alleged that our public men and government servants have been depraved by businessmen? If this is true, does not the stain fall on the government too? In spite of what some people say about the all-prevalent corruption, I feel that the Father of the Nation, Mahatma Gandhi, has bequeathed a great moral legacy to this country, and the majority of our people, therefore, are prone to honour only those who tread a path of morality and rectitude. Unscrupulous people there are in every walk of life but such people are not held in esteem and have no place in the moral hierarchy of our society. Even if they rise high temporarily, their fall is inevitable.

Let us examine the matter from yet another angle. It is said that the proof of the pudding is in the eating. If businessmen exercise power as a result of their wealth, have they been able to influence the policies of the government? Had that been the case, would there have been nationalisation of industries one after the other after independence? Had the businessmen's voice been felt, would all these large public sector corporations, holding the commanding heights in the country's economy, have grown into such giants—completely dwarfing the private sector? If businessmen had any say in the running of the government, would there be such a complicated cobweb of laws, with numerous penal provisions, requiring them to do intricate tight-rope walking in order to avoid pitfalls? Let the public judge.

When we talk about wealth imparting respect in society, we fail to ask: Is it only wealth that commands such respect? Do not people in other walks of life also enjoy a high status? Leave aside the leaders whose selfless services to society earn them the esteem of the people—is it not a fact that those connected with the government enjoy more power compared to any other section of society? Why then single out businessmen and envy them who, by distinguishing themselves in the commercial field, acquire certain status?

Unscrupulous people there are in every walk of life but such people are not held in esteem and have no place in the moral hierarchy of our society. Even if they rise high temporarily, their fall is inevitable.

It is frequently stressed that the assets of the large business houses have increased disproportionately in recent years, thus leading to concentration of economic power in their hands. There is a big fallacy in this. While computing the assets of companies, their current liabilities are ignored even though this error has been pointed out, times without number, by the various chambers of commerce in the country. It is to the credit of Mr Shanti Bhushan, minister for Law, Justice and Company Affairs, that he has seen the validity of the point and accepted the position that the liabilities of the companies must be taken into account along with their assets. If that were to be done, the charge that the

assets of the large business houses have grown disproportionately would fall flat.

Similarly, it is wrongly assumed that the entire assets of a company belong to the businessman or the business house that runs it. A man's asset in a business is limited to his holding in the company. In other words, if a businessman holds, say, only 10 per cent shares of a company, his intrinsic assets are only 10 per cent of the net worth of the company even though he may be managing it. It is therefore obviously wrong to conclude that the entire company belongs to a person who runs it—irrespective of his holding in it.

With a minority holding, a businessman can run a company, but this is due only to the confidence that is reposed in him by the shareholders of the company who, in case of mismanagement, can always show him the door. Like a person elected to parliament or a state assembly by the voters, a businessman is elected as a director by the shareholders to run the company on their behalf. What is wrong then, if a businessman, even with a tiny holding of his own, is voted to head a concern by its shareholders? Surely we cannot have double standards here.

When talking about the concentration of economic power, why should one ignore the public sector units? If, at all, there is concentration of economic power anywhere in the country, it is pertinent to examine the role of these giant public sector corporations. The list of the 20 top corporations in India, given in the table below, is quite revealing.

It will be seen that of the 20 largest corporations in the country, 18 are in the public sector and only two in the private sector. The Tata Steel, the largest company in the private sector, is way down in the list.

Recently the Committee on Public Undertakings conducted a detailed study of some aspects of the public sector undertakings. It may be relevant to quote some of their observations:

"The committee are amazed at the extraordinarily lavish manner in which some of the public undertakings have been squandering public money on unproductive items to provide luxurious environment to their top management functionaries."

(C.P.U. No 340, Page 8)

The committee also noted with astonishment that out of the 50 public undertakings, whose details were given, seven had among themselves 66 guest houses and that the total number of guest houses maintained by these 50 undertakings was 133 in 1976-77.

(C.P.U. No 342, Page 28)

The committee further remarked:

"The comforts, luxury and lavishness indulged in by the top personnel of the public undertakings have become the talk of the town...."

(C.P.U. No 342, Page 95)

"It would, therefore, be seen that a new privileged class which wants to enjoy like white rulers and maharajas has come into being."

(C.P.U. No 342, Page 9)

The chairman of the committee, in his introduction, observes:

"Many of the public sector undertakings are managed by disinterested, unscrupulous, inconsiderate mercenaries, who are busy fulfilling their own self-interests rather than the service of the public sector enterprises which they are expected to serve. There have been cases of malpractices...."

(C.P.U. No 326, Page 4—Introduction)

The Committee on Public Undertakings and its chairman must have had valid reasons for such a strong indictment of certain aspects of the public sector companies and some of their managerial personnel. I have had occasion to come in contact with some of the executives in the public sector undertakings, and I have been fortunate to meet mostly the more responsible and conscientious people manning those undertakings. The point, however, is that state monopoly is far worse than private sector monopoly.

Assets and Net Sales of 20 Top Indian Corporations
(Based on 1976-77 Figures)

Rank	Name	Total Assets (Rs crores)	Net Sales (Rs crores)
1.	Food Corporation of India (G)	2410.9	2175.1
2.	Bokaro Steel (G)	1307.9	193.2
3.	Hindustan Steel (G)	1261.6	1076.9
4.	Fertiliser Corporation of India (G)	1149.7	217.0
5.	Bharat Heavy Electricals (G)	871.5	445.0
6.	Indian Oil Corporation (G)	707.6	2067.6
7.	Shipping Corporation of India (G)	695.2	258.8
8.	Oil and Natural Gas Commission (G)	526.7	197.4
9.	Central Coalfields (G)	406.3	147.2
10.	Hindustan Aeronautics (G)	397.4	115.4
11.	Tata Steel (P)	322.9	263.4
12.	Indian Petrochemicals (G)	322.0	38.9
13.	Damodar Valley Project (G)	291.2	86.1
14.	Air-India (G)	255.0	257.7
15.	National Textile Corporation (G)	250.8	27.2
16.	TELCO (P)	236.9	258.1
17.	Heavy Engineering Co (G)	231.3	75.9
18.	Hindustan Copper (G)	225.9	68.3
19.	Bharat Aluminium (G)	218.8	34.3
20.	Bharat Coking Coal (G)	211.0	155.2

Note: G—Central Government Undertaking
P—Private Sector Company

(*Economic Times*, April 5, 1978)

When the state enters business in a big way, it tends increasingly to expand at the cost of the private sector. This, in turn, leads to more and more state monopoly. And when state monopoly becomes all powerful, who is there to keep it in check? What mouse is there to bell the state cat? It is commonly believed that governmental organisations like the Company Law Board, Income-tax Department, and so on, do not exercise the same control on the public sector corporations as they do in respect of the private sector companies.

scholar's verdict

Speaking of the evils of state monopoly, Prof P.A. Samuelson, the Nobel Prize winner, writes:

"Too high a price, wastage of resources and creation of monopoly profits are economic evils, however brought about and whatever the legal technicalities of the matter."

Dr Colin Clark, one of the eminent economists of modern times, writes:

"Much of the mistaken emphasis on investment betrays an urge on the part of those who would like to see more and more power in the hands of the state to enlarge what is called the government over the private sector. And in this way, increasing public investment offers scope for bureaucrat and the politician to enhance and aggrandise their authority by economic showmanship and conspicuous investment and production.

"There is also the indirect waste following from taxation, rising prices, government controls, and other measures intended to stimulate investment, all of which damage the rest of the economy by distorting production, impairing incentives to work, to save, and erecting a costly apparatus of officialdom."

Mr Milton Friedman, the noted economist who also received the Nobel Prize, states:

"Steady expansion of the state's role in the economy poses a threat to individual liberty."

The late Mr Hugh Gaitskell, leader of the British Labour party, said in "Recent Developments in British Socialist Thinking":

"The organisational problem regarding nationalised industries has proved difficult in practice. There is probably no escape from the dilemma that the more independent the boards (of nationalised industries) are allowed to be, the more they will exercise power without responsibility, and the less independent they become, the greater the risk of over-centralisation and lack of enterprise."

The nation has accepted mixed economy as the instrument for achieving the goal of rapid industrialisation of the country. Under the circumstances prevailing in the country, this was the best course to adopt. The public and private sectors, therefore, have to be complementary to each other. What is, therefore, necessary is that along with the public sector, the private sector too should be given the full opportunity to play its part in the development of our economy.

In spite of this, the companies in the public sector have been enabled to grow by receiving all kinds of preferential treatment. Sometimes industrial licences are denied to units in the private sector in areas where the public sector units desire to expand. The most glaring instance of some of the preferences enjoyed by the public sector was the one under which, till recently, the public sector units enjoyed up to 10 per cent preference in prices in all the purchases made by the government undertakings known as the "price preference scheme". To mollify the private sector, the nomenclature of the scheme was subsequently changed to "purchase preference" which stipulated that the governmental purchasing organisations would endeavour to bring down the price of the public enterprises to the lowest, if it was not so. This was greatly resented by the private sector. It is commendable that this unfair practice has been done away with by the Janata government. But it goes to show to what extent the public sector units were propped up and boosted by state patronage.

Growth of the public sector and stifling of the private sector would only lead to state capitalism. To see the latter's damaging consequences, we have merely to look at the difference in the standard of living in the iron-curtain countries and in the countries of the west; in East Germany and West Germany; in East Berlin and in West Berlin.

It is often asked accusingly: what right have private sector companies to draw on the public sector financial institutions to nourish their own growth. Mr J.R.D. Tata aptly replied to this when he recently said at a press conference that, with the banks nationalised and the private sector financial institutions banned, the government has created for itself a virtual monopoly of lendable funds. He rightly asked:

"To whom then can the companies turn for their legitimate borrowings, but government?"

The largest company outside the United States has assets worth 36 billion dollars, which is equal to about 28,800 crores of rupees. This would be nearly six times the assets of all the 20 Indian large business houses put together.

When we talk of the "Concentration of Economic Power" it should be with some sense of proportion. What are the Indian companies, including our public sector giants in size, compared to the foreign companies? In fact, among the top 100 companies in the world outside the United States, 15 belong to Britain, 14 to France, 21 to West Germany and 19 to Japan. Not a single Indian company figures anywhere in the list. The largest company outside the United States has assets worth 36 billion dollars, which is equal to about 28,800 crores of rupees. This would be nearly six times the assets of all the 20 large business houses put together (about Rs 4,629 crores). Are not our companies Lilliputians before these gargantuans?

It is not realised that our companies,

with resources tiny compared to those of their counterparts abroad, are in no position to compete in the world market. Even small countries like South Korea have large corporations and so they have been able to secure large orders in the booming middle east markets. If India, despite its small companies, has been able to make a dent in these markets, it only redounds to her credit. But our position could substantially improve if we too have large corporations which could compete, on an equal footing, with some of the giant corporations of the world.

I will conclude by saying that the proper thing would be to create conditions whereby people get an opportunity to improve their economic condition and attain prosperity through hard work and competence. India is one of the highest taxed countries in the world. The types and varieties of taxes, prevalent here, do not exist in other countries. When taxation becomes excessive, an individual ceases to have any incentive to earn more. The pattern of our taxation is such that it touches too many areas in our lives. If a man earns more, he has to pay high income-tax; if he saves, he has to pay wealth tax; if he desires to make a gift to his near and dear ones, he has to pay the gift tax; if he wishes to leave something to posterity, then his assets are subjected to estate duty—all at exorbitant rates. Where is the incentive to produce? If conditions are created so that people have incentives to earn and save, disparity in wealth will get automatically reduced. Hence we should try not to be short-sighted and level down the rich but to be wise and ameliorate the lot of the poor. "There are only two families in the world; the Haves and the Have Nots", wrote Cervantes in Don Quixote. Let us have the courage, foresight, and enterprise to turn our motherland into a country of happy and hardworking Haves. Not smaller slices, but more cake is the answer.

Exercise in regional rural banking

B. K. Chatterji

In this article, the chairman and managing director of the United Commercial Bank describes regional rural banks as somewhere between the public sector banks and the cooperative credit structure. The RRBs combine certain characteristics of both these institutions and will play a supporting role in bridging the credit gap in rural areas. He however says that a good deal more needs to be done to make them effective instruments for the regeneration of the rural economy.

THE PROBLEM of extending timely and cheap institutional credit to the rural population has been a complicated one. A number of committees and commissions studied this problem from different angles of approach and offered different solutions. Notable amongst these have been the agriculture finance subcommittee 1944-45, the cooperative planning committee 1945; all India rural credit survey 1954; the all India rural credit review committee 1966; the banking commission 1969; and the working group on setting up of regional rural banks 1975.

Many suggestions have been made regarding the restructuring of institutional credit frame-work in rural areas. While the solutions are diverse, the objectives underlying these inquiries have been more or less consistent. Briefly the twin objectives have generally been (i) institutionalising the rural credit structure, and (ii) enlarging the present geographical and functional coverage of the institutional credit frame-work, in the rural areas.

The concept of a banking institution which caters exclusively for the needs of the rural sector was first discussed at length by the banking commission set up by the government of India in 1969. Subsequently, the government of India set up a working group on regional rural banks and accepted in general the recommendations of the group for setting up of regional rural banks.

The implementation of the programme was made the responsibility of a high powered steering committee, constituted to monitor a time-bound programme for setting up at least 50 regional rural banks all over the country by March 1976.

The United Commercial Bank, under this programme, has so far sponsord four regional rural banks. These are given in the table below :

The area of operation of a regional rural bank is usually limited to one district, though in some cases the area has been extended to cover two to three districts. In the allotment of regional rural banks, the sponsoring institution is usually the lead bank already functioning in the district.

In the initial stages of their operations, regional rural banks were directed to open branches only in rural areas.

Regional Rural Banks Sponsored by the UCO Bank

Name	Area of operations	Date of inauguration
Jaipur Nagaur Aanchalik Gramin Bank	Jaipur and Nagaur districts in Rajasthan	2.10.76
Mayurakshi Gramin Bank	Birbhum district in West Bengal	16.8.76
Cuttack Gramya Bank	Cuttack district in Orissa	11.10.76
Monghyr Kshetriya Gramin Bank	Monghyr district in Bihar	12.3.77

Subsequently these banks were allowed to open branches in urban areas, specifically district headquarters, in order to help them accelerate their deposit growth, which was being dampened to some extent by their operating exclusively in rural areas where pockets of affluence are hard to come by. The table below provides details pertaining to the number of branches opened by regional rural banks sponsored by UCO Bank.

Name of the bank	No. of branches as on 26.5.78
Jaipur Nagaur Aanchalik Gramin Bank	55
Mayurakshi Gramin Bank	19
Cuttack Gramya Bank	25
Monghyr Kshetriya Gramin Bank	9
Total	108

Most of the branches opened so far are in unbanked rural areas and have helped in lowering the average population served by each bank branch in these districts.

Each branch of the regional rural banks was expected to secure Rs 5 lakhs in the first year. But experience has shown that the expectation was rather too high. Most of the branches are located in far-flung rural areas where the standard of living is low and the scope for mobilising substantial deposits is bleak. Since lending out to the affluent section by the regional rural banks is restricted, the accrual of deposits from this section is also slender. Among the Gramin banks sponsored by UCO Bank the branches of Jaipur-Nagaur have been able to secure a total deposit of about Rs 4.5 lakhs on average after 18 months of operation; those of Mayurakshi Bank about Rs 2 lakhs on average by the end of 24 months; those of Cuttack Bank about Rs 3.5 lakhs in 18 months and those of Monghyr Bank about Rs 60,000 in 15 months.

According to the Regional Rural Banks Act of 1977, these banks are to extend credit to the following category of persons/organisations :

i) Grant loans and advances to small and marginal farmers and agricultural labourers whether individually or in groups;

ii) Extend credit to cooperative societies including agricultural marketing and processing societies, primary agricultural credit societies and farmers service societies for agriculture and other related purposes; and

iii) Assist artisans, small entrepreneurs and persons of small means engaged in trade, commerce, industry and other productive activities.

The Gramin banks encountered problems in the disbursal of credits too. In the initial stages these banks were not provided with any details regarding the clientele they had to serve. Subsquently an income definition of small and marginal farmers was provided and the banks were asked to identify such farmers on their own and assist them. However, no definition was provided to the banks regarding identification of rural artisans and other persons of small means. In order to speed up the process of identifying eligible borrowers 'spearhead teams' were appointed to identify eligible borrowers and organise them into Farmers' Service Societies (FSS) and Multipurpose Cooperative Societies (MPCS) which were tagged on to different regional rural banks in their respective area of operations. By way of credit, the four Gramin banks sponsored by UCO Bank disbursed Rs 3.5 crores by May, 1978.

United Commercial Bank has a vital role as the sponsoring institution for these banks. It has not only subscribed to the share capital of these institutions but also deputed officers and clerks to man both the head offices and branch offices of these banks.

The regional rural banks are somewhere in between the public sector banks and the cooperative structure. They combine in themselves characteristics of both these institutions and are expected to play a supporting role in districts where the credit gap is very large and the cooperative structure is weak. It is too early to assess their performance, but the direction and pace of progress achieved so far indicates that a good deal needs to be done for making these an effective instrument of development in the national rural scene.

Eastern Economist 30 Years Ago

OCTOBER 1, 1948

The manner in which the country has taken the report of the "Expert" Committee on Profit Sharing which was issued last week appears to indicate that the strange interest in this particular prescription has waned as rapidly as it was aroused. The share markets which have examples of nervous disorder for nearly two years bore this particular affliction with remarkable compusure and there is something more than curious in the studied indifference with which the report has been generally received. It is possible that great events cast out smaller things and that Hyderabad has eclipsed in most minds every minor ailment in the system. It may then be claimed at least for this report that its release was timed so well that any depressing effect, which it might have created, was rapidly absorbed in the new confidence which settlement in Hyderabad had awakened. Or possibly it is the shadow of future things which has led to this eclipse. For there may be greater trials to come in the form of the Government's proposals to deal with the economic situation. In preparation for these, perhaps, we have realised that profit-sharing can be taken in our stride or be given a safe back seat while we look on at the fascinating play of larger and bigger things.

This is probably a wise assessment of this case. The undue prominence given to profit sharing both by those who were most for it and those who were most against, has done much, because argument was too often clouded in controversy, to hinder a sound economic assessment of the value of this principle at the present time.

How industrial countries are managing their affairs

The International Monetary Fund (IMF) in its latest annual report notes that three years after the trough of the 1974-75 recession, industrial countries continue to be burdened by substantial under-utilisation of resources, the gap between potential and actual output being of the order of 10-11 per cent. The report however says that growth of real gross domestic product (GDP) has been notable in the Asian countries where in each of the past three years it actually exceeded the average for the period 1967-72.

TRACING THE relatively slow and uneven expansion of production in the industrial countries during 1977, the IMF annual report notes that their real GNP was only about 3½ per cent higher for the year as a whole than in 1976. By the second half of 1977, the European industrial countries had lost virtually all of their previous upward momentum, and only the United States, among the larger industrial countries, was achieving a rate of output expansion (some 5 per cent) sufficient to reduce economic slack. Among

WINDOW ON THE WORLD

European countries, some of which were restraining aggregrate demand for stablization purposes, the average increase from 1976 to 1977 was only two per cent; and rates of expansion in Japan (5 per cent) and Canada (2½ per cent) were also, in each case, well below the estimated medium term rate of growth in potential output.

With respect to the first half of 1978, the report suggests (on the basis of preliminary and incomplete information) that the rate of growth in real GNP in the industrial countries was proceeding at about the same average pace as during 1977, but with a difference in geographic composition. Output rose less rapidly in the United States and more rapidly in most European countries than in either half of 1977.

The disappointing behaviour of private fixed investment is cited in the report as a basic factor in the slow and uneven pace of economic recovery in the industrial world. In most of the industrial countries, levels of private fixed investment during 1977 and the first half of 1978 were very low in a medium-term perspective. Although cyclical factors accounted for much of this weakness, part of the problem is commonly believed to be more deep-seated. The report suggests that there is probably a good deal of validity in the widespread view, among public official and business executives of the industrial countries, that the current weakness of investment demand derives at least in part from an impairment of the profit position (and hence of incentives to invest) caused by a variety of adverse structural changes that have added significantly to business costs. Higher inflation and greater instability of domestic price levels, as well as of exchange rates, are also cited as negative factors or uncertainties widely believed to be clouding the outlook for profits.

With respect to price movements, the report first recognizes that the slack demand conditions resultiug from the international recession of 1974-75 and the generally slow pace of the subsequent recovery have been accompanied by a marked reduction of inflation in the industrial countries. The overall rate of price increase in those countries—as measured by a weighted average of GNP deflators—dropped from a peak annual rate of 13½ per cent in the second half of 1974 to seven per cent in 1977 and to an annual rate of six per cent in the first half of 1978. However, the report goes on to say that this decline, although representing a substantial improvement, leaves the price situation still unsatisfactory. It states that inflation rates of the order of magnitude now prevailing in most of the industrial countries—well above the 1960s and early 1970s—are still much too high to be considered acceptable.

wide variations

The report also notes a wide variation in rates of inflation among individual countries. Despite a marked convergence of such rates over the past few years, price increases in the first half of 1978 ranged from an annual rate of about one per cent in Switzerland and three per cent in the Federal Republic of Germany to 13 per cent in Italy. Moreover, recent changes in rates of increase have lacked uniformity, even as to direction. Decelerations in a number of countries have been mixed with accelerations in a few others, among which the US experience is by far the most notable. Partly because demand expansion remained relatively vigorous in the United States during 1977, apparently pressing more closely against capacity than in most other industrial countries, US domestic price changes showed a renewed upward tilt

in the first half of 1978. Elsewhere in the industrial world, inflation generally continned to subside, reflecting the pervasive underlying influence of weak demand conditions in markets for both goods and labour.

Three years after the trough of the 1974-75 recession, the report points out, the industrial countries continue to be burdened by substantial underutilization of resources, particularly outside the United States. As measured by Fund staff estimates of "gaps" between actual and potential output in the manufacturing sectors of the seven largest economies, the average degree of underutilization for the seven countries as a group was of the order of 10-11 per cent in the second half of 1977 and was little changed, according to preliminary data, in the first half of 1978. The estimated gap for the United States in the second half of 1977, amounting to about five per cent, was less than one third of its size in the first half of 1975. For the six largest industrial countries other than the United States, however, the gaps remained large, ranging from about nine per cent for the Federal Republic of Germany to about 20 per cent for Japan and averaging some 15 per cent, compared with three per cent over the two decades prior to 1974.

substantial slack

The report states that the indication of substantial slack is buttressed, at the economy-wide level, by available unemployment data. Reported unemployment in the major industrial countries increased by two per cent of their combined labour force from 1972 to 1975, and subsequent progress toward reducing it has been disappointing for the group as a whole. Although the unemployment rate in the United States was reduced from a peak of nine per cent in May 1975 to about six per cent in the first half of 1978, unemployment rates in most of the other industrial countries in 1977 were either about the same as or higher than in the recession year 1975, and they showed little or no improvement in the first half of 1978.

The annual report states that one reason for the lack of buoyancy in the industrial world during the past two years was the predominance of contractionary shifts in fiscal positions. The report adds, however, that a partial reversal of those shifts appeared to be in process in late 1977 and early 1978. With this latest reorientation of fiscal policy, more expansionary stances have now been adopted in most of the major industrial countries.

cautious policies

Monetary policies in those countries were also generally restrained or cautious during 1976, and this posture was carried over into 1977. Where targets for the expansion of monetary aggregates were announced, they typically implied an extension of somewhat smaller increases in those aggregates than in the projected nominal value of GNP, so as to maintain or induce (in the absence of substantial unexpected changes in velocity) some downward pressure on rates of increase in prices. During the course of 1977, however, as the pace of activity outside the United States faltered, monetary conditions became easier and policies more accommodative than had been envisaged at the start of the year. Reflecting a combination of accelerated monetary expansion and weakness of credit demands, interest rates receded during the second half of 1977 everywhere except in the United States. The degree of easing varied considerably among countries, being most pronounced in the Federal Republic of Germany and Japan in view of their strong external positions and relatively low rates of inflation. Contrasting monetary trends—featuring further relaxation in Germany and Japan, as well as further substantial increases in both short-term and long-term interest rates in the United States—continued to characterize the situation among major industrial countries in the first half of 1978.

In most of the smaller industrial countries, economic policy-making during 1977 was focused increasingly on their external positions, which were adversely affected, along with domestic employment by low export growth in a world trade environment of unexpectedly weak demand from major trading partners. In early 1978, the cautious policies persued by the smaller industrial countries appeared to be restraining inflation by the smaller and/or bringing about some improvement in external payments, accompanied by continued sluggishness of domestic demand. Fiscal policies of these countries, within the constraint imposed by the need to avoid exacerbating the external position and by the prevalence of public sector deficits that were already large, were aimed primarily at the problem of alleviating the unemployment situation. Monetary policies remained tied primarily to external considerations, and most of the smaller industrial countries have resorted to some form of incomes policy in an effort to reconcile difficult choices between pursuit of external adjustment and domestic employment objectives.

The annual report offers a number of observations with respect to major features of recent domestic economic developments in various groups of non-industrial ("primary producing") countries. The main groups distinguished are the major oil exporting countries, other less developed primary producing countries (or "non-oil developing countries"), and the more developed primary producing countries.

well-maintained growth

With respect to the largest of these groups, the non-oil developing countries, the report finds that their average rate of growth in output has been relatively well sustained during the past several years. For the group as a whole, it dipped only to about four per cent in 1975 and approached five per cent both in 1976 and in 1977. The pace—which is expected to be roughly maintained in 1978—was two percentage point below the peak rate of 1973 and more than one percentage point short of the average achieved during the period 1967-72, under reasonably balanced cyclical conditions in the industrial countries (i.e., the main trading partners). Although such a shortfall has meant a relatively sizable cut in per capita gains in real income, it would appear that growth and investment have been remarkably well sustained in the face of the extended weakness of demand in major industrial centres.

The report notes that growth of real gross domestic product (GDP) has been particularly notable in the Asian countries,

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where in each of the past three years it actually exceeded the severage for the period 1967-72. This result is ascribed in part to pursuit of prudent economic policies by a number of developing countries in the Asian region. In developing areas outside Asia, however, rates of output expansion in 1977 lagged behind the 1967-72 averages. Shortfalls from their respective averages for 1967-72 were especially marked in Africa and in the Latin American and Caribbean areas, where the gaps were of the order of 2-3 percentage points.

With respect to domestic prices, the record of the non-oil developing countries in recent years has been one of relatively high rates of increase. As measured by consumer price indices, the average rate of inflation in these countries rose to some 33 per cent in 1974 and remained above 33 per cent in every subsequent year through 1977. In considerable part, the maintenance of such a high average after 1974 reflected the extraordinary rates of inflation prevailing in several South American countries; exclusive of those countries, the average rate dropped from about 25 per cent in 1974 to 16.17 per cent in 1975 and 1976. However, inflation accelerated again in 1977, when the average rise in consumer prices (with the same exclusion of countries having highly atypical rates of inflation) again exceeded 20 per cent.

reversal of trend

By early 1978, a reversal or slackening of the main factors behind the 1977 flare-up of inflation in the non-oil developing countries appeared to be in process. Prices of primary commodities had declined from the peak reached about the middle of 1977, and the decline was affecting the growth of export earnings. This development, combined with the tendency of an increasing volume of imports to absorb domestic demand pressures, was exerting a dampening effect on domestic price movements. At the same time, the numerous stabilization programmes being implemented by the authorities of developing countries were helping to dissipate inflationary pressures. Nevertheless, inflation continues at high rates in many of the non-oil developing countries, constituting a hazard to economic management.

In the more developed group of primary producing countries, recovery of activity since the 1974-75 recession has been markedly slower on average than in either the industrial countries or the non-oil developing countries. The annual report indicates that total output in this group rose by only three per cent annually in 1976 and 1977—half the pre-recession (1967-72) rate. Developments in the early months of 1978 suggested an even slower rise.

disappointing record

The inflation record of these countries has also been disappointing. From 1974 to 1976, only a slight deceleration of consumer price increases was achieved, and in 1977 the average rate for the group as a whole went up to 18 per cent—a little higher than in 1974 and three times the prerecession average. For 1978, however, some reductions in the average rate of consumer price increases is presaged by the introduction of new stabilization programmes in several of the countries. The persistence of inflation has been a principal factor behind the poor average growth rate of the more developed primary producing countries in recent years, as has the closely interrelated weakness in the external accounts of many countries in this group.

Regarding the major oil exporting countries, the annual report notes that they have undergone several changes in policy orientation since the sharp rise in oil prices four years ago. They first adopted highly expansionary fiscal and monetary policies in an attempt to achieve rapid development of their economies, but then found it necessary during late 1975 and 1976 to shift these policies toward restraint in order to reduce demand pressures and combat inflation. At the same time, several countries undertook a variety of measures to improve the supply of goods and services.

Through mid-1978, the demand management policies of the oil exporting countries remained generally cautious. However, the policies of individual countries have become more diverse, reflecting the considerable differences in their economic positions, particularly as to the balance of payments. In some of the more highly absorptive countries, policies are being aimed at restraint of demand pressures not only to reduce inflation or maintain domestic financial stability but also to contain mounting current account and overall balance of payments deficits.

From 1975 to 1977, there was considerable abatement of inflationary pressures in the major oil exporting countries, and particularly in those characterized by limited absorptive capacity in relation to their current export earnings. The overall rate of inflation in the oil exporting countries showed a further decline in the first half of 1978.

Changes in total output of this group in recent years have been influenced to a large extent by movements in the output of crude oil, which now accounts for about two-fifths of total GDP. The rate of expansion in the non-oil sectors of the oil exporting countries has been rapid in recent years, but declined from an average of 12 per cent in 1974-76 to about 10 per cent in 1977.

The annual report states that one of the serious consequences of the faltering pace of recovery from the international recession has been a disappointing growth in the volume of world trade in 1977 and the first half of 1978. The 1976-77 increase in total world trade was only five per cent in real terms, compared with 12 per cent in the previous year and an average of some nine per cent over the decade ending in 1972.

identifiable factor

One identifiable factor in the reduced vigour of world trade in 1977 was the geographic pattern of recent domestic growth rates in the industrial countries. Slow growth predominated among countries having high ratios of imports to domestic production, while the trade effects of faster growth in the United States were blunted by that country's relatively low ratio of imports to production.

Weakness of import demand in the industrial countries was reinforced by that in the primary producing countries, where the slow pace of import growth established by many countries in dealing with their balance of payments difficulties of 1974-75 was continued in 1977. The only significant element of buoyancy—but not

on carrying great weight in the world trade aggregate—was the strong further growth of imports into the major oil exporting countries. Developments in the first half of 1978 have not suggested the emergence of a more buoyant trend in world trade.

In general, foreign trade prices continue to reflect the considerable degree of inflation still prevalent in most countries. For world trade as a whole, the average price rise from 1976 to 1977, expressed in SDRs, was about 7½ per cent—substantially the same as in the previous year. The comparative stability in the overall rate of increase in world trade prices during the past two years, however, was not a reflection of uniform trends in prices of various classes of goods moving in international trade. Widely disparate rates of change in the export prices of various groups of countries led to marked shifts in their respective terms of trade. In particular, a sharp bulge in primary commodity prices, centred predominantly in movements of prices for beverage crops (coffee, cocoa and tea) brought substantial terms of trade gains for the non-oil developing countries in both 1976 and 1977. The upswing in commodity prices reached a peak in the first half of 1977, however, and these prices—especially for beverage products—have tended downward since then. It thus seems likely, according to the annual report, that renewed deterioration of the terms of trade of the non-oil developing countries will be a feature of 1978 world trade and payments developments.

small changes

Examining the global pattern of current account balances, the annual report first notes that net changes in such balances (on goods, services and private transfers) for major groups of countries in 1977 were relatively small, consisting of a moderate decline in the collective current account surplus of the major oil exporting countries, a slight shrinkage in that of the industrial countries, and some decrease in the deficit of the non-oil developing countries, with little change for the more developed primary producing countries. These shifts in consolidated group balances in 1977, however, were dwarfed by some of the shifts among individual countries in the industrial group.

For 1978, according to the estimates presented in the annual report, changes in current account balances of the four groups of countries will be generally greater than in 1977, and not all in the same direction. A sizeable further decline in the surplus of the major oil exporters, from $35 billion in 1977 to about $20 billion in 1978, is seen to be in the making, along with a rebound in the current account deficit of the non-oil developing countries. The counterparts are expected to be a rise of $13 billion in the combined surplus of the industrial countries and a long-postponed reduction in the deficit of the other developed countries.

reduced surpluses

In its analysis of the 1978 pattern that would result from the projected changes, the annual report points out that the singular concentration of surpluses in the oil exporting countries that emerged in 1974 (when their combined current account surplus jumped to $68 billion) has been greatly reduced. The most serious imbalances in the pattern of current account surpluses and deficits now appear to be those among individual countries within the industrial world, rather than those among major groups of countries.

Within the industrial group, several of the major shifts in 1977 were in the direction of rectifying some of the more serious imbalances of preceding years. In particular, the United Kingdom and Italian balances swung sharply from deficit into surplus, and France's deficit was considerably reduced. Other major changes, however, cannot be considered appropriate from the standpoint of external payments adjustment and exchange rate stability. The US current account balance underwent a very large downward swing, from a surplus of nearly $9 billion in 1976 to a deficit of $11 billion, while the Japanese surplus, already sizeable in 1976, rose by $7 billion, to more than $11 billion. Both of these changes, as they became apparent during the course of 1977, undoubtedly contributed to the disturbances in exchange markets that characterized much of the period from September 1977 to April 1978. The absence of a significant downward adjustment in the current account surplus of the Federal Republic of Germany in 1977 was also viewed as inadequate from the standpoint of international payments adjustment. In addition, the sizable increase in the deficit of the smaller industrial countries as a group signified the emergence of serious adjustment problems for some of its members.

repeat performance

For 1978, the distribution of current account balances among the industrial countries is not expected to change substantially. A large US deficit and a large Japanese surplus are again occurring, and the surpluses of the Federal Republic of Germany and Switzerland seem to be persisting, along with the more nearly balanced positions of the majority of other industrial countries.

Viewing the projected 1978 pattern of current account balances from the standpoint of implied capital flows and international financing, the annual report indicates that the industrial countries as a group are placing abroad, through capital investment or official transfers, a larger part of their own national savings than they did in the previous two years, when the bulk of the net financial outflow from the industrial countries as a group represented intermediation of funds flowing indirectly from the oil exporting countries to non-oil primary producing countries. The report points out that international capital movements, particularly among the industrial countries, were seriously affected during late 1977 and early 1978 by the outbreak of disorderly conditions in the foreign exchange markets. At times, speculative short-term capital movements contributed strongly to those conditions. Although the exchange markets regained a calmer tone during the second quarter of 1978, these striking developments pointed up the need for policy changes to achieve more stable conditions in the domestic economy—which would lead to better equilibrium of current account positions and, in turn, to greater exchange market stability. Meanwhile, the report suggested that, until this better equilibrium is achieved, national authorities face the

need to secure a satisfactory adaptation of capital flows to the current account balances as they evolve.

Assessing the changes in exchange rates among the major currencies during 1977 and the first half of 1978, the annual report finds that the largest changes of this period have all been of a kind—in direction, if not in degree—conducive to reduction of existing current account imbalances. The currencies of countries with strong current account positions—notably, the Federal Republic of Germany, Japan and Switzerland—have appreciated greatly, while the currency of the major deficit country—the United States—has undergone considerable effective depreciation, even though the currency of its largest single trading partner—Canada—has depreciated substantially against the US dollar. Effective rates for the currencies of the major industrial countries whose external positions were most nearly balanced in 1977 (France, Italy and the United Kingdom) were relatively stable during 1977 and the first half of 1978, following the sharp declines in value that they had undergone during 1976.

In retrospect, the report suggests that what was disturbing about the major exchange rate changes over the last few months of 1977 and the early months of 1978 was not so much the nature of the realignment that took place, but the speed with which it occurred and the disorderly and uncertain exchange market conditions that characterized the period. Large day-to-day movements in the rates occurred frequently, with changes of sometimes as much as several percentage points, in reflection of rumours, misunderstandings, and other erratic influences.

The report also comments on the problems of exchange management created for many countries outside the industrial world by the differing movements of exchange rates for major currencies. In this context, a number of countries faced the problem of reassessing the pattern of their external trading relationships; this problem was particularly difficult for countries where contrasting geographic distributions of exports and imports tended to magnify the impact of exchange rate movements for major currencies on import costs and on prices received by domestic exporters.

With respect to the external positions of the non-oil developing countries, the annual report describes the striking reduction in their combined current account deficit witnessed during the past two years. From a peak of some $38 billion in 1975, it dropped to $25 billion in 1976 and to about $22 billion in 1977. The decline was partly a reflection of cyclical developments in the industrial countries that became more favourable to expansion of exports of other countries after 1975, but also stemmed to an import extent from widespread efforts by non-oil developing countries to adjust their external payments positions in the wake of the difficulties resulting from the international recession and the 1973-74 change in the price of oil.

For 1978, expansion of imports and a partial reversal of the favourable terms of trade shift that occurred in 1976 and 1977 seem likely to result in a large current account deficit, estimated at some $30 billion. However, the report does not anticipate major difficulties of a general character in the financing of the projected deficit, which could be accompanied without any increase in the net inflow of borrowed funds if present expectations regarding a moderation of increases in reserves should be borne out.

Dutch economy dragging its feet

The gross national product of the Netherlands which had increased by five per cent in 1976 had a decelerated growth of 2.5 per cent in 1977. A favourable feature of its economy was a substantial rise in fixed business assets.

THE NETHERLANDS economy, which showed clear signs of recovery in 1976, left much to be desired in 1977. The growth in the national product was 2.5 per cent, half that in 1976. Industrial production and production per employee rose less still. Exports were disappointing. By value they increased much less than imports, the coverage being nearly six points less The differing trend in imports and exports, with a slight fall in the terms of trade, reduced the surplus on the current balance of payments from nearly Fl. 7,500 million to almost Fl. 1,000 million. The number of registered unemployed fell by 7,000 compared with 1976 to a yearly average of 204,000, or 5.3 per cent of the working population.

A very favourable feature was the trend in investment in fixed business assets, which rose substantially by value and volume. Another bright point was the trend of inflation (measured by the cost of living), which decreased from 8.8 per cent in 1976 to 6.4 per cent in 1977.

At the end of 1977, the Netherlands had a population of 13,895,752 (+81,257). The increase on 1976 was 0.59 per cent (0.60%). There are 411 inhabitants to the square kilometre of land area. The working population was about 4.65 million. Of these, 289,000 (6.2%) were employed in agriculture, 1,516,000 (32.6%) in the manufacturing industries, 2,185,000 (47%) in the service industries and 657,000 (14.1%) were in public service.

The gross national product, which had increased by five per cent (by volume) in 1976, rose by 2.5 per cent in 1977.

Industrial production (excluding building, mining and public utilities) measured by volume indices based on 1970=100, increased slightly (+0.85%), whereas for 1976 an increase of 5.5 per cent was calculated. Production per employee in industry rose by 2.8 per cent (+10% in 1976).

There were about as many increases in production as decreases, while in a number of industries production was unchanged. There were increases in chemicals (+1.3%), the printing trade (+5.3%), rubber (+5.4%), and building materials, earthenware and glass (+8.4%). There

were decreases in the petroleum industry (—1.8%), foods and allied products (—0.8%), textiles (—6.3%) and clothing (—14%). In engineering, paper and paper products and leather, footwear and leatherware production was unchanged. The same applied to mining and public utilities. The production figures for several primary energy sources were: crude petroleum 1.38 million tons (+0.7%), natural gas 96,900 million cubic metres (—0.4%) and electrical energy 58,285 million kilowatt hours (+0.4%), of which 3,710 million kwh (—4.2%) was generated by nuclear power stations.

The production of salt was 3,111,000 tons (+3.2%), pig iron 3,922,000 tons (—8%) and crude steel 4,729,000 tons (—8.8%). Natural gas reserves at January 1, 1978 were 2,359,100 million cubic metres, consisting of 1,710,300 million cubic metres known reserves and 648,800 million presumed. Of the total reserves, 1,996,400 million cubic metres (85%) was under Dutch territory and 362,700 million in the Dutch part of the Continental shelf.

In the building trade, the number of housing units completed rose from 106,813 in 1976 to 111,047 in 1977 (+4%). The value of the total building output increased be 22 per cent to Fl. 16,906 million, representing Fl. 8,759 million for housing (+24%) and Fl. 6,081 million for other buildings (including business premises) (+19%). Fl. 2,065 million (+27%) was spent in repairs and rebuilding.

fall in grain production

In agriculture grain production fell slightly, by 1.7 per cent to 1.12 million tons. The yield of ware and industrial potatoes increased 16.6 per cent to 5.6 million tons, while that of sugar and fodder beet fell by 7.5 per cent to 6.2 million tons.

The already high milk production rose again by one per cent to 10.6 million tons (10,281 million litres). The milk yield per cow also increased, by 1.9 per cent to 4,815 kg or 4,670 litres. Production of cheese increased by 7.8 per cent to 404 million kg, while that of condensed milk went up by 5.8 per cent to 522 million kg. Production of milk powder declined by two per cent to 271 million kg, and that of butter by 11 per cent to 179 million kg. Wholesale market turnovers of vegetables and fruit were Fl. 1,799 million (+1%). Supplies of vegetables totalled 1,478,000 tons (+1%) worth Fl. 1,556 million (—1.7%) and supplies of fruit 362,000 (—20.1%) worth Fl. 364 million (+20.9%). Fishery products rose by 18 per cent, from 256,000 tons in 1976 to 302,000 tons in 1977. By value, there was an increase from Fl. 461 million to Fl. 468 million (+1.5%).

In the transport sector, results were a little higher than in 1976, with one or two exceptions. The total volume of goods handled in Dutch seaports dropped by 3.8 per cent to 325 million tons. The volume handled by tankers fell by 5.2 per cent to 183 million tons, whereas containerised transport increased by 11.3 per cent to 11.6 million tons.

inland shipping

Rhine transport passing Lobith, by far the biggest proportion of international inland shipping, increased by 7.6 per cent to 127 million tons.

Pessenger transport by Dutch Railways fell by 2.4 per cent to 8,019 million passenger-kilometres, while freight traffic increased by 4.8 per cent to 2,825 million ton-kilometres. Transport of crude petroleum via pipelines from Rotterdam to the German Federal Republic and Belgium rose by 14.3 per cent to 48 million tons.

Traffic figures for Schiphol international airport near Amsterdam, as regards the number of passenger arrivals and departures, rose by 7.2 per cent to 8.9 million. Freight traffic via the airport increased by seven per cent to 274 million kg, and mails by 12 per cent to 14 million kg.

There was again an increase in transport by private car; 552,000 new private cars including station cars were bought (8.6% more than in 1976), an all-time record. With about 4 million private cars, the density in the Netherlands is now one car to every 3.5 inhabitants.

The Dutch merchant fleet (including vessels registered in the Netherlands Antilles) decreased from 5,077,000 to 4,862,000 GRT. The number of ships registered in the Netherlands fell by 6.4 per cent to 533, mainly owing to the sale of small freighters to other countries.

The ports of Rotterdam and Amsterdam had 30,638 and 4,822 arrivals of seagoing vessels respectively. Goods handled in the port of Rotterdam fell by four per cent to 272 million tons. In Amsterdam there was a decrease from 19.0 to 17.2 million tons. Containerised transport in Dutch ports rose by 11.3 per cent to 11.6 million tons.

increased trade

Dutch trade statistics show that the Netherlands' foreign trade (including trade with Belgium and Luxembourg) had a value of Fl. 219,100 million in 1977. Imports increased from Fl. 104,300 million to Fl. 111,930 million, while exports rose from Fl. 106,000 million to Fl. 107,200 million. The trading surplus of Fl. 1,700 million in 1976 was followed in 1977 by a deficit of Fl. 4700 million. The percentage cover—the extent to which the value of imports is offset by the value of exports—therefore fell from 101.5 to 95.8. The price level of imports rose by 3½ per cent and that of exports by over three per cent. The terms of trade—the price level of exports as a percentage of that of imports—thus fell slightly. Trade with the other EEC countries continued to be the most important; 54.8 per cent of Dutch imports came from these countries and they took 70.4 per cent of the exports. The principal trading partners were the German Federal Republic (24.5% of imports and 30.9% of exports) and the Belgian-Luxembourg Economic Union (11.8% and 14.7% respectively).

According to provisional figures, the current balance of payments on a transactions basis showed a surplus of nearly Fl. 1000 million compared with nearly Fl. 7500 million in 1976. Fl. 5200 million of this decrease was attributable to trade in goods and the remainder to invisible trade. In invisible trade, services provided almost Fl. 1200 million less than in 1976. This was due mainly to bigger deficits on travel and lower earnings from transport and the processing and converting industries. The net expenditure by way of income transfers was nearly Fl. 500 million higher, especially owing to development aid and higher government

remittances to the EEC. On the other hand, primary incomes showed a surplus of nearly Fl. 400 million more, owing to higher net receipts of earnings on capital. The current account on a cash basis also showed a smaller surplus than in 1976: of almost Fl. 1100 million compared with over Fl. 6300 million.

Recorded capital transactions in the non-monetary sectors—including one-way capital transfers—resulted in a net capital export in 1977 of over Fl. 2900 million as against nearly Fl. 6900 million in 1976. Direct investment also led to a greater net export of capital than in 1976. For the whole of 1977, Dutch direct investment abroad amounted to Fl. 4000 million (1976: nearly Fl. 3000 million), while foreign investment in the Netherlands was only Fl. 800 million (1976: Fl. 900 million).

Stocks and bonds transactions, which led to an outflow of capital of Fl. 500 million in 1976, resulted in capital imports of Fl. 4500 million in 1977. Long-term lending by the private sector led to a smaller outflow of nearly Fl. 1200 million compared with 1976.

In other capital transactions, however, the outflow was nearly Fl. 600 million more than in 1976, almost entirely because of increased purchases of real property in other countries. Ultimately, the overall balance of payments had a surplus of Fl. 742 million against Fl. 675 million in 1976.

The central bank's net gold and currency reserves at the end of 1977 were Fl. 19,401 million, compared with Fl. 19,492 million at the end of 1976, a decrease of Fl. 91 million. The commercial banks' currency reserves fell by Fl. 1778 million; as a result, the overall gold and currency reserves fell from Fl. 24,885 million at the end of 1976 to Fl. 23,016 million at the end of 1977, or by Fl. 1869 million.

In 1977, interest trends in the money market were much calmer than in 1976. Up to June there was a constant fall, but during the second half of the year interest rose to a peak of over seven per cent. The trend in interest on capital was determined largely by factors in other countries. The decline that had started in 1976 continued in 1977, reached its lowest level of about 7.5 per cent in September, after which it rose again. Call money rates fluctuated greatly and, taken over the year as a whole, were 3.06 per cent compared with 5.45 per cent in 1976 (loans secured with treasury paper). The market discount rate for three-month bills averaged 3.87 per cent (5.78%). De Nederlandsch Bank's discount rate was reduced several times in 1977: in January, April and May by one per cent, ½ per cent and one per cent respectively, to 3.5 per cent. After that there was an increase again to 4.5 per cent in November, and this rate can be taken as the average for the year.

Mortgage rates for real property averaged 8.5 per cent (8.9%); the yield on perpetual government loans fell from 8.01 per cent to 7.11 per cent. The domestic volume of money (active circulation and current accounts) rose by 14.3 per cent from Fl. 50,300 million at the end of 1976 to Fl. 57,500 million at the end of 1977.

The total real amount of public issues in the Dutch capital market in 1977 was Fl. 7040 million (1976: Fl. 4969.6 million). Of these, debenture and bond issues accounted for Fl. 6669.6 (Fl. 4889.8) million and share issues for Fl. 370.4 (Fl. 79.8) million. Of the debentures and

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bonds, Fl. 2600.2 (Fl. 2735.1) million was n government issues, Fl. 998.2 (Fl. 468.3) million by the Dutch Municipalities Bank and Dutch Water Boards Bank both semi-government) and Fl. 2,730 (Fl. 1281.9) million by private enterprises and institutions. Foreign bond issues in Dutch currency were placed at an amount of Fl. 340.7 (Fl. 404.5) million.

Dealings in shares on the Amsterdam Bourse rose by 16.3 per cent, from Fl. 15,986 million in 1976 to Fl. 18,595 million in 1977. Bond and debenture dealings rose even more, and were Fl. 17,929 million compared with Fl. 12,910 million in 1978 (+38.9%). The nominal value of shares on the Amsterdam Bourse rose from Fl. 10,723 million at the end of 1976 to Fl. 13,739 million at the end of 1977. The market price of these same shares rose from Fl. 41,383 million to Fl. 50,889 million.

wage increases

The payroll per employee in industry, including social security, rose by eight per cent as against 11 per cent in 1976. The minimum wage was increased in 1977 by 8.8 per cent and was Fl. 1673.10 a month at January 1, 1978.

The earned income ratio (the ratio between earned income per employee and per capita national income) was nearly one per cent higher at 92.3 per cent.

The increase in total payroll costs in 1977 was 5 points above the average productivity increase of three per cent. This is a little less than in 1976, when the increase was still 6 points higher than the increase in productivity.

Based on 1975=100, the average price index for family consumption in 1977 (including private insurances) was 115.8. This was an increase of 6.4 per cent as against 8.8 per cent in 1976. As the price increase lagged behind the advance in wages, most employees had some improvement in their purchasing power.

The gross national product at market prices, Fl. 236,000 million in 1976, is estimated at Fl. 258,000 million for 1977 (+9.3%).

Consumer spending by value by the Dutch population increased by 10.7 per cent. By volume, total consumption was 4.1 per cent above the 1976 level and the per capita increase was 2.6 per cent. Savings accounts at Dutch savings banks increased by Fl. 8363 million (+15.4%) to Fl. 62,532 million. Savings accounts at commercial banks increased by Fl. 3757 million (+30.5%) to a balance of Fl. 16,089 million. Life assurance companies issued new policies of Fl. 50,400 million (+4.4%). The ratio of savings (as a percentage of national income at market prices) was 15 per cent against 16.1 per cent in 1976. Gross business investment in housing, buildings, land-, water- and road-construction works and external means of transport, plant and other fixed assets was Fl. 55,500 million in 1977 against Fl. 46,700 million in 1976. This represents an increase of 18.8 per cent at current prices. The volume of investment in 1977 increased by 11.6 per cent. Public investment declined slightly, from Fl. 9310 million in 1976 to Fl. 9250 million in 1977, a decrease of 0.6 per cent; but by volume the decrease was 8.5 per cent.

An interim inquiry shows that the 1976 recovery in Dutch industry continued in 1977, though on a narrower basis. Half the firms with shares quoted on the Amsterdam Bourse expect higher earnings (compared with three-quarters in 1976), 21 per cent unchanged earnings (5%) and 21 per cent (24%) lower earnings. Similar to previous years, but to a less extent, there were industrial amalgamations (as to 50% or more) in 1977 again. There were 209 mergers, amalgamations and other forms of joint operation, 114 of them involving companies in other countries. From 1946 to 1977, industrial companies abroad set up 993 subsidiaries in the Netherlands, while 420 cases were recorded of foreign interests in or joint ventures with Dutch companies. At the end of 1976 these figures were 972 and 427 respectively.

Most companies came from the United States (367 and 97 respectively), Britain (197 and 75) and the German Federal Republic (162 and 97).

The number of male and female unemployed combined averaged 204,000 in 1977 (1976 : 211,000) and vacancies 55,000 (47,000). At the end of 1977 male unemployed represented five per cent of the male working population and female unemployed 7.7 per cent of the female working population. At the end of 1976, these figures were 5.3 per cent for males and 5.5 per cent for females.

Vacancies for male personnel at the end of 1977 represented 1.4 per cent of the male working population (1% at the end of 1976). In the case of female employees, vacancies amounted to 1.1 per cent (1976: 1.1%) of the female working population.

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MOVING FINGER

I am afraid that this country is falling into the habit of treating its VIPs harshly. Indeed, our politicians are expected to be *sanyasis* if not saints. We not only grudge them their worldly pleasures, but also expect them to renounce all ties with their kith and kin. We will not have the father share the roof with the son, nor are we able to tolerate the father-in-law extending the hospitality of his hearth and home to the son-in-law. In fact—and I am saying this in all seriousness—we have trained ourselves to such a degree of ungraciousness in these matters that some of us even go to the extent of demonstrating against Mr Morarji Desai because, during his visit to Pune, he chose to stay with the Kirloskars. Mr Desai, of course, is the last person to be bullied or browbeaten in such matters and I honour him for rising above the clamour of the multitude. It will indeed be a sad day if men in public life were to be denied the right to private life.

Perhaps Mr Sanjiva Reddy is regretting that, during his visit to Madras some time ago, instead of inviting himself to be the guest of some other Reddy in that city, he went and stayed at the Raj Bhavan. Mr Prabhudas Patwari, it appears, was anything but an ideal host. Being free from all common or minor weaknesses himself, the governor does not permit liquor or non-vegetarian food to be served on the premises. The latter prohibition seems to have caused some inconvenience to the president since he has reportedly been advised by his doctors to take some non-vegetarian food regularly for his requirements of protein. The utmost extent to which the governor was prepared to go to accommodate Mr Reddy's needs was to agree to non-vegetarian food being brought from a posh hotel and served to the president in his suite. No wonder Mr Reddy had many comparisons to draw between certain great men of the past and certain more or less great men of the present to the disadvantage of the latter. Mr Reddy, however, has assured Mr Charan Singh that he did not have the latter's son-in-law in mind when he was talking in Madras of VIPs' sons and sons-in-law taking undue advantage of their situations or connections. This must be causing embarrassment to other fathers-in-law within the magic circle of VIPs.

There was that young women in one of Oscar Wilde's plays who did not care for music but who could never have enough of musicians. Mr Morarji Desai, on the contrary, believes in astrology, but he has no use for astrologers. This, however, has not prevented him from being his own court astrologer. We have been told when this country will be free from destitution, when it will be truly rid of untouchability, when even liquor permits will no longer be issued because none will ask for them and, finally, when the Janata party will no longer be troubled by domestic strife. He has forecast that the state of bliss mentioned last will not be delayed beyond six months. We are now leaving September behind and other six months would mean the end of the financial year. Could it be that, having been Finance minister in the past, Mr Desai unconsciously tends to attach some magic significance to the 31st of March?

Incidentally, Mr Desai will never be as good at repartee as he probably aspires to. To the question whether there can be a stateless society, his reply is that since there is even a Kingdom of God, how could there be a stateless society. The short answer could have been that the Kingdom of God is supposed to be within you. But, then, Mr Desai must always have the last word—which is what newspapermen in London and New York presumably could not digest when they, according to Mr Kuldip Nayar, found our prime minister "boorish".

The press in the capital had a brief hour of glory when it helped to give form and direction to people's pain and concern over the slaying of the Chopra youngsters. But I am afraid that some sections of it have also been covering themselves with mud. Most of the writing, even in the leading dailies, has been crime reporting of a very amateurish kind. Mostly speculative in character, many of these reports have been ill-informed, irresponsible, misleading and crudely written. They had been of no real help to the police in the investigation of the crime and now that two suspects have been taken into custody, some of the newspapers have blithely crossed the limits of propriety by whipping up an atmosphere hardly conducive to the proper trial of the persons who are to answer charges of murder in a court of law.

I wish editors will draw the attention of their bloodhound packs to the sentiment expressed with such nobility by the bereaved father himself. When Captain M.M. Chopra was informed at Chandigarh that two persons have been arrested in connection with the crime, he was reported to have said that his only desire was that "justice should be done". Surely, at least after the suspects had been seized by the police for interrogation, purely speculative stories about how the children came to meet their death could have been avoided. It did not even occur to some gentlemen of the press that it was not at all necessary for them to "scoop" post-mortem reports and expatiate on their grisly contents. The newspapers concerned surely owed a duty at least to the parents of the slain children to spare them the agony of reading such speculative particulars.

VB

NSE

New Standard Engineering Co. Ltd.

NSE Estate, Goregaon (East), Bombay-400 063

Speech delivered by the Chairman, Shri J. V. Patel at the 20th Annual General Meeting held on September 27, 1978.

Shri J. V. Patel

Dear Shareholders,

It gives me great pleasure to welcome you to the twentieth annual general meeting of your Company.

End of Four Decades.

This year NSE completes four decades of its existence. Beginning its operations way back in 1939 as a small scale proprietory concern, during the first two decades, the Company was mainly a general purpose engineering unit. In the beginning of the third decade, in 1959, the Company issued shares to the public. During this time, it consolidated its activities, which at one time were spread out over four different locations. Towards the later part of 1964-65, all these facilities were combined and located at one place at Goregaon in Bombay where the Company set up an engineering complex with required infrastructural facilities on a 70-acres site.

Since then, it has expanded much faster, and grown to be one of the largest engineering complexes in the country with a variety of product lines and a number of associate companies. Today it is a multi-division Company with a grey iron and steel foundry—one of the largest—with an annual capacity of 15,000 tons; a well-equipped machine building and fabrication plant tools 10,000 tons capacity; a heavy machine tools division; a textile machinery division with an electronics and control panel systems cell; and the Indian Furnace Company division. Its wide spectrum of activities include a number of complex and sophisticated engineering systems and products such as textile spinning machinery; forging hammers and complete forge plants; foundry equipments, induction furnaces and receivers, and complete foundries; heavy industrial cranes; steel and atomic power plant equipments; special iron and steel castings, antennae for satellite communication earth stations; equipments for power projects, radar for defence, etc. Many of these product lines and projects were introduced in India for the first time by the Company, particularly in the last two decades.

Growth Through Diversification.

NSE has always strived to remain a pioneering Company in technological sophistication, versatility and innovation in several spheres of engineering. To be able to do this, NSE has relied both on technology from abroad as well as its own research and development. Thus, during the year 1977-78, 59% of its output came from products of its own design or technology while 41% of its output was of products manufactured with technology from abroad.

As part of its ongoing program of diversification and expansion, NSE has entered into a collaboration agreement with Lurgi Und Chemotechnick GmbH, West Germany for the supply of processes and equipment for industrial waste water and effluent control systems for the treatment of industrial wastes, municipal effluents, etc., as also recovery of materials. These processes and equipment are an essential feature in many important fields, such as petrochemicals; chemicals and pharmaceuticals; thermal power stations; paper and various other industries. In the context of the increasing awareness for a better environments, there is expected to be a good scope for these systems. Moreover, there are a number of recovery applications, which would mean not only less environmental pollution, but recovery of valuable raw materials for reuse. The Company has received all Government approvals and the project is well under way. With this new area of activity, the Company will be able to add substantially to its local and export business.

The Company has also under consideration a scheme of modernization and expansion. We are hopeful to finalize and launch it soon, and I should be able to give final details at the next annual general meeting.

Company's Performance.

The recessionary trend in most of the industries —particularly the textile industry—to which NSE's products cater, continued throughout the year. Many of our customers continued to be plagued with difficulties, particu-

larly industrial unrest and power shortage. This affected both the order booking as wel las despatches, the Company having to carry a larger inventory than usual. Notwithstanding these difficulties, we were able to more or less maintain both sales and profitability thanks to our diversified activities and the confidence NSE's customers have shown in our quality and service and to the determined program of cost reduction and prudent financial management.

As as result of the Government's decision on bonus, the Company had to pay additional bonus, which meant an extra payment of Rs 4.77 lacs.

Even under these circumstances, shareholders will be glad that the Company's earnings amounted to Rs 91.94 lacs and the Directors have maintained the dividend at 14%. The Company two subsidiaries Indian Furnace Co. Ltd., and Indopol Ltd., were merged into the Company following High Court's approval. Indian Furnace Co. Ltd., is a well-established Company, engaged in the design and manufacture of a wide range of sophisticated furnaces; Indopol Ltd., is a Consultancy Organization. Now both these Companies become divisions of NSE. As a result of this merger, the two divisions are expected to gain additional strength and increase their volume of business considerably, at the same time resulting in better economies. In view of the amalgamation, the working results of both subsidiaries viz. Indian Furnace Co. Ltd., and Indopol Ltd., have been merged in the Company's accounts for the year to March 1978 which are presented to you for adoption.

Research & Development.

Research and Development Cell of the Company has been actively involved in over 20 distinct products. Aims of the R & D efforts include new product development, updating of existing designs, cost reduction, import substitution etc. NSE has established a well-equipped Research and Development cell with required testing instruments and machines supported by a modest technical library. Plans are under finalization for construction of a separate building with all required instruments and equipments supported by technical library and well qualified staff, which will house all R & D activities in one place.

Rural Development.

In order to achieve the goal of rural development, NSE intends to create, jointly with its associates—a rural development cell through which it intends to initiate, support or contribute to the development of rural areas and for which your approval is needed to amend the objectives of the Company as detailed in the agenda for this meeting.

Manpower Resources.

I am happy to report that except for some labour trouble on bonus issue which was amicably settled, we had satisfactory industrial relations. In May 1978, your Company has entered into a new agreement with the workers, whereby wage scales and other service conditions of the workmen of your Company were revised.

NSE has also introduced management development programs for its executives and managers so as to help them to impart training in modern management techniques so that the Company in turn would be able to utilise their services to its best advantage. Your Company has also sponsored setting up an industrial training institute with the objective of encouraging children of the workmen to train themselves into different trades and qualify for their independent future growth.

Prospects.

Days of recession for the textile industry are now definitely over, and our textile machinery division, is once again doing well this year and is expected to do better in the next few years. This has been one of our best organized divisions, with an excellent record of delivery and quality. Our other divisions are also expected to do well, and on the whole we are optimistic that this year should be better than the previous one.

In conclusion, on behalf of the Board of Directors, I would like to thank our employees, Customers and Suppliers for the contribution they have made in the working of your Company.

J.V. Patel

Note: This does not purport to be the proceedings of the Annual General Meeting of the Company.

Millions of our Fellow Citizens are in distress following the recent devastating floods

THEY NEED HELP
GIVE GENEROUSLY

Send your contributions to :

Prime Minister's National Relief Fund,
South Block, New Delhi-110011.

Transformers and Electricals Kerala Limited
(In collaboration with Hitachi Ltd., Japan)
ANGAMALLY SOUTH
ERNAKULAM DIST. KERALA

Statement by Chairman, Mr George Thomas on the occasion of the 15th Annual General Meeting of the Company held on 25th September 1978

I have pleasure in welcoming you to the 15th Annual General Meeting of your Company. The Directors Report and the audited Accounts for the year 1977-78 have been circulated and, with your kind permission, I shall take them as read.

I shall now invite your attention to some of the salient features of the industrial and economic climate under which we are operating. As you are aware, being manufacturers of power transmission equipments, your Company is concerned with the developments in the Power Sector especially in the High Voltage field. Last year, I had occasion to refer to the various steps the Government of India were contemplating to give a big push to the power development programmes.

Economic Scene

The general economic scene was satisfactory during the year. Agricultural output rose by 12% and real income by 6%. Not only had there been a decline in price levels but also a substantial improvement in the national growth rate from a stagnant level of 2.5% in the preceding years to 7% in the last year. The food-grains production has been satisfactory and the food grain stock has reached unprecedented levels. There has been a spectacular accumulation of foreign exchange reserves and liberalisation of imports.

The Reserve Bank of India, in its latest Annual Report for the period ending June 1978, has commented that against the background of substantial growth with price stability in 1977-78, and even greater reserves of food and foreign exchange at the end of the year, the economy has acquired an unprecedented degree of resilience. However, RBI has struck a note of caution. Even though the tempo of industrial production is expected to pick up with some revival of demand, the constraint of power will come to be more keenly felt, and this was an area requiring immediate attention.

Industrial Policy

The Government have spelt out their objectives and aims with respect to industrial growth in the comprehensive Industrial Policy laid before the Parliament on December 23, 1977. The Policy envisages a larger role for small scale and cottage industries. Special attention is proposed to be given to what is called the "Tiny" sector. Import quotas and quantitative restrictions are to be done away with selectively and an expanding role has been envisaged for the Public Sector in several fields. Even though it may not concern your Company at the moment, the Policy statement assures that prices when controlled by government should enable the industrial units to generate adequate funds for investment on expansion and modernisation besides payment of a reasonable dividend. Thus, the Government have shown an awareness regarding the necessity to create a congenial climate for growth and prosperity of industry, whether in organised sector or otherwise.

While the Government Policy of giving an eminent position to the small sector is welcome and is in accord with its socio-economic objectives, we are apprehensive of the maintenance of quality and reliability of the products made in the small sector. As a matter of policy your Company encourages and is rather dependent on many small sector units for various components and sub-assemblies and is giving a helping hand by providing adequate technical assistance to keep quality standards. While the results are encouraging, I may mention that there were instances where small scale units have not been able to conform to our standards, necessitating alternative sources to be tapped.

Power Industry

While the general economic condition had been satisfactory, the position with regard to power causes considerable anxiety to the planners, the Government and industry in particular. It is gratifying that the Government have fully risen to the situation as revealed from the Budget Speech of the Finance Minister:

"Inadequate allocation in the past for power and the leisurely pace of execution of electricity projects have led to a chronic shortage of this basic infrastructure facility. Both these need to be corrected if recurrent power shortages are not to hold up our progress. Therefore, the Plan for 1978-79 envisages a massive addition to generating capacity and the development of the transmission and distribution system. Works on schemes with a total capacity of about 30,000 MW would be in different stages of execution in the coming year. Of this, about 3500 MW will be commissioned in 1978-79, as against about 2000 MW expected in the current year, and the total generating capacity in the country will then be raised to 29,000 MW. In the Central sector, provision is being made for fresh starts on a number of projects such as the Korba Super Thermal Project, the Ramagundam Super Thermal Project, the Power Station including the second mine cut at Neyveli, the Badarpur Thermal Station Stage III, the Bokaro Thermal Station of Damodar Valley Corporation, and the Pumped Storage Plant at Panchet Hill. Provision has also been made for taking up new 400 kV transmission lines in the Central sector associated with Super Thermal Stations and in the States.... The provision in 1978-79 for the Power Sector would be Rs. 2210 crores compared to Rs. 1925 crores in the current year."

Thus, a massive dose of investment is now planned in the Power Sector to correct the imbalances of the past and to ensure adequate growth in generating capacity. The Ministry of Energy, Government of India, too, have been quite active in closely monitoring the progress of power development schemes, identifying the problem areas and taking timely action to overcome the difficulties.

The Sixth Plan envisages a radical change in investment priorities. The Plan has chosen Irrigation and Power as the dominant sectors and nearly 43% of the Public Sector outlay is earmarked for these sectors as against 36% in the Revised Fifth Plan. The Plan documents discuss at length the deleterious effect the non-availability of power and the intermittent supply had on industrial production. In absolute terms the Plan envisages an outlay of Rs. 15,750 crores for power against Rs. 7,016 crores in the Revised Fifth Plan an increase of over 125% which, it is estimated, will ensure an addition of 18,500 MW of generating capacity besides providing adequate transmission and distribution networks to carry the ultimate consumers in urban and rural areas.

Management of Power Sector

While the aims, objectives and the assumptions are commendable achievement of the objective do

leed require Herculean efforts both th respect to mobilisation of sources and implementation of e projects. In this context, the estion naturally arises whether e Electricity Boards possess ade- iate managerial expertise to absorb ch a massive dose of investment, pecially in view of the magnitude the task. Additions to generat- g capacity have been of the order 1700 MW per annum in previous ars which reached 2000 MW in 977-78 and is projected to reach 500 MW in 1978-79. The past ippages have been of the order of 0%. Hence, unless the working of e State Electricity Boards which are e main instruments of implementa- on of the power programme and e optimum running of the Power nts in operation, is streamlined and engthened to meet the challenging uation, the targetted results may ll elude us. In this context, the rmation of two Corporations, viz., ational Thermal Power Corpora- n and National Hydro Power rporation under the Central overnment mainly to construct and erate the Super Thermal Stations d the Hydro Stations in the entral Sector, is a laudable decis- n. Adequate steps are also called r to improve the tempo of imple- entation of transmission and dis- ibution schemes and providing e State Electricity Boards with lequate funds at the appropriate me so that investment will yield uick results.

o-ordination Between the Industry d the State Electricity Boards

When the industry is gearing up meet the massive requirements of wer equipments, the Minister for nergy, for the first time, has taken most commendable step of open- g a dialogue with the equipment anufacturers to ensure co-ordina- on between the manufacturers and e users as well as for full utilisa- on of indigenous manufacturing pacity.

The equipment manufacturing dustry, especially in the field of igh Voltage Transmission equip- ents with which your Company is ainly concerned, has made rapid rides during the last decade. The dustry is now capable of manu- cturing equipments up to 400 kV, e highest voltage now in use in the untry. The industry is highly pital-intensive and technology-oriented. The gestation period is long and capacity utilisation slow. The main customers being State Electricity Boards, Public Utilities, Railway Electrification etc., the demand for the products mainly depends on investment by Government.

Substantial investment has been made by the industry in capital equipments and also in Research and Development which has helped to absorb and adapt the foreign technology to the Indian conditions and develop the same. The costly High Voltage equipments it produces are installed in the Power Supply System and their life period is quite long. It is, therefore, necessary that the quality and dependability of the equipments are proven, as otherwise the Supply System may considerably suffer at a future date. While public tendering is the best system for purchase of equipments by Public authorities, it has not been possible so far for a proper co-ordination between the purchasing agencies, viz., Electricity Boards and the manufacturing industry so that a proper vendor rating system is evolved regarding quality, reliability and dependability of these costly equipments. I trust that this aspect would receive serious consideration from the Central Electricity Authority and the State Electricity Boards.

Despite the efforts of Central authorities to ensure even flow of orders for the industry and the assurance that decisions on purchases will be taken expeditiously, still in actual practice the situation is not all that satisfactory.

Even though considerable spadework has been done in the field of standardisation of power equipments and commercial terms and conditions and contracts, considerable push is still required on the part of the authorities concerned to get them implemented.

Global Tenders

An important element introduced in the new Import Policy is to allow specified industries including the Power Industry to import the capital equipments by global tenders. In the Extra High Voltage field, the industry is still nascent in India, and it is doubtful whether the industry may be able to stand the unhealthy competition and dumping tactics of foreign multi-nationals unless adequate precaution is taken and protection given to the domestic industry at least in the 220/400 kV field. It is understood that this aspect is engaging the attention of the high empowered committee constituted for the purpose and it is hoped that adequate precuations to protect the indigenous industry against the dumping will be taken.

Production

Your Company continues to keep its eminent position in the manufacture of Extra High Voltage equipments. We have manufactured the largest number of 400 kV Power Transformers in India so far and the production during the year included 150 MVA single phase 400 kV Power Transformers, three of which form a bank of 450 MVA Power Transformer, the biggest ever manufactured in the country. Your Company has also successfully commenced commercial production of 400 kV Bushings and Current Transformers. A breakthrough has been made in large scale manufacture of High Voltage Bushings of 220 kV and 132kV class and also On-Load Tap Changers required both for captive consumption and for other manufacturers.

Expansion Schemes

With a view to meet the growing demand, your Company has taken up an ambitious expansion programme to be achieved in the next 2/3 years, mainly for increasing its present manufacturing capacity from 3000 MVA to 6000 MVA per annum and also to take up the manufacture of Generator Transformers to suit the 500 MW generating units proposed to be installed in the Power System in our country in the near future.

For the first time in India, your Company has been issued a Letter of Intent for manufacture of equipments upto 500 kV which may eventually help the Company to export to neighbouring countries where the 500 kV Power System is in operation.

Your Company intends also to manufacture 'SF-6 Gas Circuit Breakers' upto 400 kV class and the scheme has already been approved by the Government of India. The Company is also taking up the manufacture of Power Reactors upto 500 kV for which it has received a Letter of Intent from the Government.

With the expertise available and the technological development achieved during the past years. Your Company is confident that these objectives can be achieved within the time framework.

Working Results

The total production turned out during the year was Rs. 1,105.31 lakhs against Rs. 864.06 lakhs in the previous year, thus registering an increase of 27.9% over the production during the previous year.

The working results for the year 1977-78 have been satisfactory as is revealed from the Accounts before you. The Company has earned a gross profit of Rs. 94.54 lakhs and, after providing for income-tax, the surplus left is Rs. 60.54 lakhs from which the Directors have transferred a sum of Rs. 10 lakhs towards investment allowance reserve. Taking into account the steady progress the Company is making in production and the sustained working results your Directors have found it possible to recommend a Dividend of 12% to the General Meeting.

Collaborators

As you know, our Collaborators, M/s. Hitachi Ltd,, have been extending helping hand, especially in transfer of technology in the 400 kV field. But for their unstinted co-operation and assistance it would not have been possible for your Company to complete the 400 kV Transformers for the Beas Construction Board in time and also to commence the manufacture of Bushing and Current Transformers of 400 kV class.

I am sure that for the new Expansion Scheme on hand also, they will extend their helping hand to achieve the objectives.

Industrial Relations

Your Company has been maintaining very good relations with its workmen and other employees. I offer my thanks and appreciation to all of them for their devoted work and co-operation in making our operations successful.

Let me also sincerely thank the State Government, the Central Government, the All India Financing Institutions and the Bankers to the Company for their continued support and encouragement.

GEORGE THOMAS
Chairman

Angamally,
25.9.1978.

NOTE : *This does not purport to be a record of the proceedings of the Annual General Meeting.*

TELK is growing and growing . . . to meet the power needs of the country.

COMPANY MEETING

I.T.C. Limited

CHAIRMAN, SHRI A.N. HAKSAR'S STATEMENT at the Sixtyseventh Annual General Meeting on Thursday, 31st August, 1978

A. Introduction

As I do every year, I must once again plead that the Government take a broader and more liberal view in giving the Tobacco and Cigarette Industry relief from the extremely onerous and gigantic Excise Duties which are making a valuable, comprehensive, economic activity progressively sicker. I submit that this plea is particularly meaningful bearing in mind that Cigarettes account for only 25 per cent of the Tobacco consumed in India, and that the Industry's lack of adequate viability can adversely affect the well-being of literally tens of thousands involved directly in it and in its vast forward and backward linkages; furthermore, a more balanced view is appropriate considering India has one of the lowest per capita consumption of cigarettes in the world and, as stated in a Report of the Tobacco Excise Tariff Committee, such a level with an expanding volume with the growth of population does not warrant a harsh attitude on the part of the Government.

B. Social Audit—Fulfilling Social Responsibilities:

I would like, this year, to do a SOCIAL AUDIT OF ITC FULFILLING SOCIAL RESPONSIBILITIES in qualitative values substantiated in numerate terms within the three fundamental priorities of : FIRSTLY: Nation and the Economy, SECONDLY: Nation and People and THIRDLY: Nation and Society.

C. Nation Orientation and the Economy:

In Economic terms, whereas PROFIT is the true measure of performance rather than the only central inspiration and motive, NATION ORIENTATION means subordinating and enmeshing the objectives of the Company with those of the NATION, in the conviction that the enterprise will progress to the extent that our society and country prosper. I submit that the owners of ITC who, in the majority, are the Indian public and, in the minority, residents of the U.K., can claim that the Company functions in the NATIONAL INTERESTS of India.

1. Inherent Motivation to Nation-Oriented Ethos:

To begin with, in ITC there is no single individual, family or personalised ownership representing even as little as 1 per cent of the shareholding. In the absence of any ownership pressure groups, Executive Management can only take an objective approach, are conversant with issues of the day beyond the business world making them interested and devoted to the commonweal, not simply the economic rationale, but also the larger issues of National Interest and what is optimally the most objective balance while managing the investments of the average man. Indeed, even in their own self-interest, such Professional Manager Trustees can only derive their own satisfaction by subserving the Public Good.

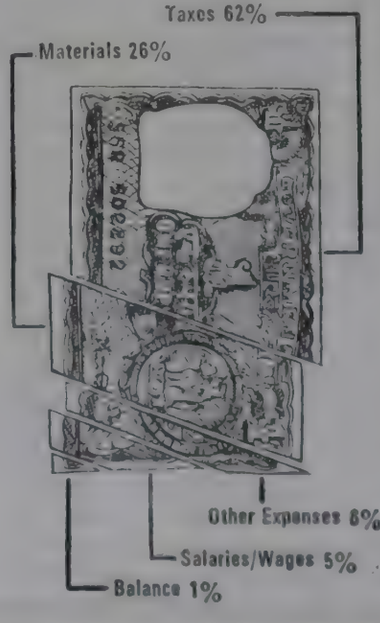
2. The National International-No Conflict of Interest:

ITC can, perhaps, claim to be a NATIONAL INTERNATIONAL without conflict of interests in ownership and yet having windows open to the International scene through its enlightened and entirely Professionally managed overseas Shareholders who continue to assist with R & D, Technology and Export associations without any special considerations in the shape of fees, royalties or reimbursement of expenses.

3. Nation Orientation and Largeness :

I would submit that largeness is not only economically inevitable, it is also an essential element of the industrial and commercial product mix in a variety of investments, products and International competitive needs. I would further submit that it is the culture and philosophy with which an enterprise conducts itself, rather than size, that is of material significance. In the case of ITC the Income of Rs 385 crores is large but significantly the distributive justice of this is evident from its break-down for the year under review which is as follows.

	Value Rs. Crores	%
Gross Income	385	100
All Taxes of Government	238	62
Residual Turnover	147	38
Costs of Tobaccos/ Materials	99	26
All Expenses including Depreciation	23	6
Available residual turnover for distribution	25	6
All Salaries—Wages —to people	21	5
Balance available to Shareholders	4	1
Distributed to Shareholders	3	0.75
	1	0.25



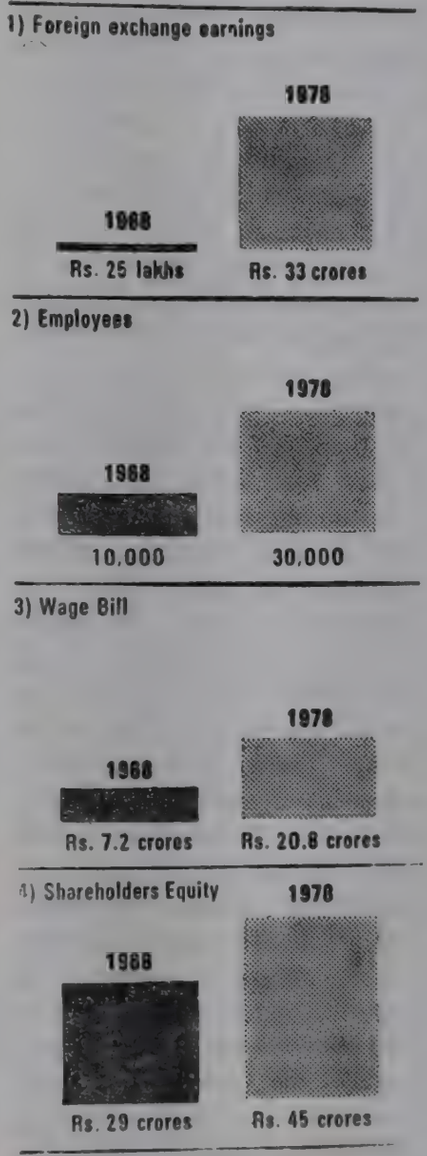
To these figures I would like to add a few more significant factors. During the last ten years ITC has collected and contributed Rs. 1,520 crores for Government for Public deployment, has directly applied Rs. 71 crores into investments to provide growth and employment and Rs 12 crores of the Shareholders' earnings have been retained for plough-back into the business. As against this, the approximate average earned by the average Indian investor for the year

completed was approximately Rs. 285/-. I believe that the Shareholders of ITC can say that their Company needs to be distinguished amongst largeness as part of the National Sector and that its bigness works for the Public and Consumer good.

4. Nation Orientation—Growth & Investment:

Creation of wealth and investment therefrom are the surest democratic means of creating employment which itself is a prime ingredient to overcome disparities and spread distributive social justice. The key audit question is whether such Growth and Investment subserve National Interests? May I humbly submit that ITC's entire programme of Development and Diversification has been geared to National Priorities related to resource mobilisation, earning foreign exchange, creating employment, investing in the priority and core sectors, aiding backward areas, generating rural development, assisting ancillary small scale sector growth and playing its part in the areas of Research and Development.

ITC's foreign exchange earnings have risen from Rs. 25 lakhs ten years ago to Rs 33 crores today. Apart from the traditional business work-force of around 24,000 including seasonals, the new investments and activities have created another 6,000 jobs directly providing livelihood to around 30,000 people in a brief period. This figure will continue to grow. The total wage bill has increased from Rs 7.22 crores per annum 10 years ago to Rs. 20.81 crores in 1977-78. The Hotels Division represents a priority area earning foreign exchange, is labour intensive for both the educated and uneducated, aids small scale sector ancillaries as suppliers and provides self-employment for a substantial number. The Foods Division is labour intensive, aids development of backward areas and weaker sections of society, earns foreign exchange and represents very high risk for which Government needs to take a liberal approach to allow use of external technology and know-how. Bhadrachalam Paperboards, a promotion of ITC, is in the Capital intensive priority core sector, will assist overcoming of shortages, has export potential and the investment is located in a backward area where already it is benefiting the people of the region. ITC has taken a direct interest in the development of 108 independent small scale units who employ around 4,000 people and have a turnover of around Rs. 12 crores of which ITC's offtake constitutes 30%.



In the context of rural development, special mention is to be made of the Leaf Tobacco Division's activities which provide a comprehensive Farmer Service to tobacco growers in Andhra Pradesh, Karnataka and Gujarat. ILTD also assists in the provision of inputs to farmers such as fertilizers, insecticides and pure seedlings and a group of over 100 Managers and Supervisors deal directly with 70,000 farmers giving them development assistance. Further more, in a period of 4/5 months ILTD purchases directly from more than 70,000 farmers tobacco worth Rs 34 crores which is paid for in cash. Research & Development is carried out continuously for all product development and in its Integrated Research Centre at Bangalore supported by the Research Centre at Rajahmundry and the Experimental Agriculture Station at Hunsur. As a result of this ITC can claim that it has been responsible for making the Tobacco and Cigarette Industry self-sufficient in India.

5. Nation Orientation—National Sector and Shareholders:

ITC's Management have increased the Shareholders' equity in ten years from Rs 29 crores to Rs. 45 crores and the return on their investment. Shareholders have also been given a 1 for 5 Bonus Issue and the Dividend of 15% will, in the least, be maintained on the larger issued equity.

D. The Nation and People

1. The Company—Employee Relations:

Long before the Code of Discipline in Industry was evolved in 1957, ITC was among the first to encourage the formation of Unions and to confer formal and real recognition on representative Trade Unions on the principle of "ONE UNIT—ONE UNION". In the last two decades alone no less than 150 Agreements-cum-Joint Minutes were successfully concluded and implemented; each of these has provided the thrust for higher productivity and taken the employees closer to their aspirations thus improving their quality of Life.

How mutually beneficial such an enlightened industrial relations policy has been can be judged by the fact that manpower productivity in the India Tobacco Division, for example, has increased by well over 38% in the last six years. The rise in productivity has also been more than matched by the rise in earnings of the individual employees. It is through our principles of productivity negotiations that we have been able to demonstrate to the employees the efficacy of securing an improvement in the standard of living at the same time advancing Corporate objectives.

ITC's pioneering new concepts in the Management of Human Resources was formally recognised by FICCI through its Award for "Corporate Initiative in Industrial Relations" in 1971 followed by the Indian Merchants' Chamber Award in 1973. In 1973 ITC commissioned the Jamnalal Bajaj Institute of Management Studies and the Bombay University to do a Research Project on "The Aspirations of Employees in the late 70s and the 8th decade of this century". The results of this Study will assist ITC's Personnel Strategy and Policies for the next round of Long Term Agreements and

in the years to come with our experts constantly watching the relevant indicators.

2. **The Company—Meritocracy—Fair Reward:**

ITC's respect for human dignity and belief in self-esteem are exemplified in its remuneration policy of "Payment By Results". At the individual level MERIT is the sole basis for potential development and career advancement. At the collective level Productivity and Divisional Performance indices are among the yardsticks used for improvement in terms and conditions of employment.

This belief in growth and career advancement based on Merit is evident from the fact that over 95% of Divisional Board Members and Senior Managers and 100% of the full time Corporate Directors started their careers as "Pupils" or "Trainees" on probation. A further proof covering all levels of employees lies in the fact that in the India Tobacco Division, as an example, more than 40% of Management Staff have risen from the ranks of Unionised employees; a number of them are currently holding positions in Senior Management. Within Meritocracy age has been no barrier.

Annual Bonus in your Company has long been linked with Productivity in the Traditional businesses. As a further step towards eliminating any dichotomy of approach between the various types of employees, namely Unionised and Management, Annual Bonus even for Management in the India Tobacco Division is now linked to the same Productivity Index as for Unionised employees with a further proviso that Management must also show an improvement in their personal performance rather than rely on perquisite oriented terms and conditions of employment. Similarly, in other Divisions too, Management remuneration and the terms and conditions of employment are in conformity with norms applicable to the new businesses and in consonance with the results actually achieved.

I would like once again to comment on the subject of reduction in disparities of income. In the latest Report & Accounts no less than 49 Unionised employees feature amongst those earning more than Rs. 36,000/- per year. With progressive increases in D.A. linked to the cost of living index and the improved terms emanating from Long Term Agreements there has been yet further reduction in disparities, and in many instances Unionised employees earn more than Management at Superintendent and even middle levels. In the India Tobacco Division, for example, the gross average annual cost of an Unionised employee is now around Rs. 12,000/- giving a ratio of less than 1:2 for the average cost of Management at lower levels and 1:5.5 for the average of all levels of Management.

The Government are rightly seized of the problem of disparities of income and the present open ended system of compensation for increased cost of living needs to be examined in all its ramifications.

3. **The Company—Enriching the Human Resource—Quality of Life :**

ITC takes a two-dimensional approach to the Enriching of the Human Resource so that improvements in both the standard of living and the quality of life can go hand in hand. The first dimension is the MATERIAL. Self-help Welfare activities have been aligned to fundamental needs or wants such as :

(1) Cooperative Credit Societies to overcome pernicious indebtedness and providing timely assistance in inevitable expenditure related to births, deaths and marriages. (2) Cooperative Stores to mitigate inflation eroding real earnings. (3) Housing Societies to aid acquisition of shelter which is a particularly difficult proposition in metropolitan and high urban concentration areas. (4) Education Scholarships for higher education for those particularly outstanding and deserving and (5) Welfare Societies which represent a major thrust in recent years. These are funded by contributions from employees with matching contributions from the Company. The funds are managed by a Committee representing all sections of employees and are utilised in providing vocational guidance to children, cultural and industrial tours, monetary assistance to injured employees or the next-of-kin of those who unfortunately die, counselling and assistance in family planning and a host of other laudable measures.

The largeness and all-India nature of the Company provide nearly 30,000 people from different regions, social backgrounds, beliefs, religions and castes an opportunity to work together towards a common Corporate goal, create a sense of belonging and a pride in Corporate citizenship befitting a large country with a multitude of diversities like ours. This is strengthened further by both stability and security in employment and earnings, it being a part of Company Policy to neither retrench nor lay off a single employee even in adversity.

Perhaps even more important are the NON-MATERIAL dimensions. ITC believes that real participation should begin at grass-root level where the employee and his superior accept their respective roles and responsibilities and look upon work and life at work as a joint venture for the overall good of the organisation and its people.

Your Company believes that enduring success can only be assured in an Organisation with an open Management style where individuals are free to exchange views and criticism without fear of inhibition. In conformity with this belief your Company has launched an intensive programme of what is commonly known as "Organisation Development" in its largest Division I.T.D.—with the help of external and internal Consultants who will bring to bear their knowledge of human behaviour to enhance Organisational effectiveness and excellence.

The major benefits can be summed up in two generic areas. Firstly, it helps individuals in the Organisation to identify their own place and role in both activities and results. Secondly, both the Organisation and the individual can look at their respective data and examine the nature and reality of their interdependence.

E. Nation and Society

The final part of the Social Audit relates to the Nation and Society.

1. **The Company—Social Responsibilities—Creating Awareness**

In the very first place ITC

recognises that Management in particular, must be sensitive to accepting accountability in the discharge of social responsibilities. It further believes that such awareness derives from knowledge of socio-economic circumstances rather than from organisational dictat.

2. The Company and Sport:

I believe ITC can claim a priemier position in support of Sport as essential to creating healthy minds on which depends the future of the country. On an all-India basis ITC's sponsorship of Cricket, Tennis and Golf is well-known. What is perhaps less known is the support provided regionally to foot-ball, hockey, badminton, table-tennis and such indoor games as Bridge.

3. The Company and Culture:

ITC has been keenly involved in the promotion of Indian Classical Music over many years. The ITC Sangeet Sammelan has become the premier Classical Music event in the Capital and is now supported by regional Music Meets. A great stride forward by ITC has been the creation of the ITC Sangeet Research Academy in Calcutta which is managed with the help of such eminent Trustees as Shri Satyajit Ray, Shri Ravi Shankar and Shri Arvind Parikh.

4. The Company and Rural Weaker Sections :

ITC has sponsored Triveni Handlooms Ltd. with its Headquarters in Kanpur and a working station in Shahjahanpur. The purpose of this endeavour is to provide a link directly between the weavers and the marketplace, thus eliminating middlemen. Triveni Handlooms deals directly with weavers and its basic objectives are to provide inputs to weavers and then an outlet for the produce. The weavers are given designs, yarns, dyes, assistance for repair of looms, etc. in the first place. Thereafter, the off-take of the produce is guaranteed, and as they are unable to afford the final Finishing equipment this activity is arranged for the weavers. The initial work has started with 100 weavers and, as it succeeds and gains momentum, the concept will be continuously extended.

5. The Company and Ecology:

ITC is concerned with Ecology and in March '75 brought out a booklet entitled "ENVIRONMENTAL POLLUTION—CAUSES & METHODS OF CONTROL" to assist the creation of awareness in this vital area. Strict measures are adopted at all production plants to avoid pollution by any agents such as smoke. In the promotion of Bhadrachalam Paperboards particular care has been taken and investments made in excees of Rs. 50 lakhs for the most effective and up-to-date effluent treatment unlike any other in India. In the development of Hotel designs special attention has been given to Ecology.

6. The Company and Integration :

Finally, ITC's integration with Society goes beyond statistics and shareholdings. It also embraces positive expression in Pride of Heritage and the unity of people in the midst of diversity. Only one example of the former is the new dimension that has been added to the Hotel Industry by developing concepts rooted in the soil of India. An example of our approach to the Unity of People is the concept of development of the housing colony in Bhadrachalam—unsegregated housing for different levels of responsibility on the one hand and a central plaza revolving around a place of worship for the different faiths of India.

F. Conclusion

In conclusion, I wish to reaffirm that in ITC there is continuing aspiration to meet ever more exacting and broadening standards of subserving the Nation. I submit that, in the interest of the economy such endeavour needs special encouragement to corporate entities like ITC which can stand the scrutiny of a Social Audit. Encouragement could be given by Government to such Organisations by loosening the constraints that fetter the operations and growth of large industrial houses for such Companies may truly be described as "The Professional National Sector" making a meaningful contribution to the furtherance of Public Good.

The above are extracts from the Chairman's Statement,

Note : This does not purport to be a report of the proceedings of the Annual General Meeting.

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TRADE WINDS

World Management Congress

THE WORLD Management Congress is being held in New Delhi from December 5 to 8, 1978. To be organised by the World Council of Management (original: Conseil International Pour L' Organisation Scientifique, CIOS) of which Dr Bharat Ram is the president, it will discuss various issues including management culture, management and technology, management of development for human welfare, and manager's concern in the next decade. The congress is to be inaugurated by the prime minister, Mr Morarji Desai and the likely participants include: Dr J. Gvishiani, deputy chairman, state committee of USSR council of ministers for Science & Technology, Mr George Fernandes minister for Industry; Mr L.K. Jha, governor, Jammu & Kashmir; Prof Peter F. Drucker, distinguished management expert and author; and Dr S.S. Ramphal, secretary general of the Commonwealth secretariat.

FICCI Team on China

According to the findings of the Federation of Indian Chambers of Commerce and Industry delegation which visited China in August, China is looking to the west for its big infrastructure development programme. As for India, there was a big scope for Indian railways which have a proven experience of laying rail-roads outside the country to make strides in China. Similarly, the possibility of exporting rolling stock and other equipment required to be explored. One of the recommendations of the delegation is the exchange of scholars, particularly in the field of industrial development.

The delegation is of the opinion that there is an information gap in that country about India's capability in this field. The delegation which had discussions with the Chinese minister for Foreign Trade, Mr Li Chiang, highlighted the point that India could supply machinery and technology to that country 30 to 40 per cent cheaper than the western countries. The minister responded that China was prepared to buy from anywhere if the price was competitive, specifications met and delivery schedules adhered to. The Chinese minister felt that increased cooperation between the two countries could not be introduced overnight. It required sustained and determined effort.

Excise on Cigars

Cigars and cheroots sold under a brand name and of a value of Rs 5 or less for 100 pieces have completely been exempted from excise duty. The decision came into effect from September 20, according to a press note issued by the ministry of Finance (department of Revenue). Cigars and cheroots which were sold under a brand name and the value of which was less than Rs 5 per 100 pieces were exempted from payment of central excise duty prior to March 1, 1978. As part of the 1978 budget, however, all cigars and cheroots which were sold under a brand name were brought under central excise on the basis of their value. The exemption has now been given to cirgars and cheroots with a value of Rs 5 and less for 100 pieces following several representations which had been received from trade against the levy.

Soda Ash Shortage

The government has appointed a high-powered committee to study all aspects of the production, movement and marketing of soda ash in view of the recent shortage of this chemical in the country. The shortage and the reported increase in prices to industrial and other consumers "has been a matter of great concern to the government", according to an official release.

The committee, which is being set up under the chairmanship of Prof Gopal Tripathi, head of the department of Chemical Technology, Banaras Hindu University, will probe the causes of the current shortage of soda ash and the reason for the cyclical pattern of such shortage over the years and suggest ways and means of tackling the situation.

Jewellery Export

The Commerce ministry has notified recently certain amendments in the gold jewellery export replenishment scheme. According to the notification, para 6 in the appendix to the public notice issued on August 17 this year, has been amended The para will now read: "The scheme will be limited to exports effected against such orders as are backed by either an irrevocable letter of credit or payment on cash-on-delivery basis. Th documents should be negotia ted through authorised e change dealers only. The e port order should relate to single buyer overseas, althoug it may cover more than on item of export". The follow ing will be added to the en of para 12 "if the purity gold used is the same in respe of all or some of the items t be exported the exporter ma give the total weight of gol and the total value of suc items as are of the same purity instead of giving their detai item-wise."

Performance of Re-Rolling Mills

The government of India ha set up a committee to stud the existing capacity, statu and performance of the ste re-rolling industry. The nin member technical panel heade by the Iron and Steel Controlle will recommend a plan of ra tionalisation of product fro the integrated steel plants an the re-rollers and other mea sures for the future growt and development of the ste re-rolling industry. The oth members of the committee wi include representatives of th Steel Authority of Indi Metallurgical and Engineerin Consultants (MECON), sma scale industries and the depar ment of industrial develop ment. The committee has bee asked to submit the final repo within nine months.

No Duty on Relief Material

The Finance ministry a nounced recently total exem tion from customs duty f such goods as foodstuff, med cines consumable medic stores, clothing, blankets, ten and tarpaulines imported in the country as gifts for fr distribution to or for reli

work among the flood-hit people in the various states. A ministry notification stated that the collectors of customs of Bombay, Calcutta, Cochin, Madras and Delhi had also been asked to allow clearance of other goods sent from abroad not covered by the notification without payment of customs duties if the goods "are meant for relief work in connection with the relief for flood affected people" in various states.

Japanese Assistance

Japan has extended a grant of 500 million yen (Rs 2.17 crores) to India for purchase of cement from that country for use in the execution of projects for the prevention of floods in Andhra Pradesh. Notes for the purpose were exchanged between Mr Masao Kanazawa, Japanese ambassador to India and Mr R.N Malhotra, additional secretary in the Finance ministry recently. The amount is part of the 1,800 million yen grant scheduled to be extended by the government of Japan to the government of India in the current financial year. According to a press release issued by the embassy of Japan, the grant is extended to India in response to a request made by the government of India at the Aid India Consortium meeting in Paris in June last and with a view to contributing to the social development of India.

Loan for Small Units

A task force, consisting of the district collector, a representative of the leading bank and a senior officer of the collectorate, should be created in each district to facilitate implementation of agricultural credit schemes at the district level. This is one of the recommendations of an expert group of the Reserve Bank of India, which examined the working of agricultural credit schemes of commercial banks. The group, headed by Dr Gunvant Desai, professor in the Indian Institute of Management, Ahmedabad, observed that commercial banks' credit to the agricultural sector has increased phenomenally since social control on banks in 1969. Their direct advances to agriculturists in one decade rose from less than Rs five crores at the end of 1966-67 to about Rs 970 crores at the end of June 1977. The cooperative institutions took nearly seven decades to accomplish this. Total institutional advances outstanding for agriculture as at the end of June 1977 amounted to Rs 4,596 crores, of which the advances of commercial banks accounted for Rs 1,320 crores or 29 per cent, including direct finance of Rs 350 crores, the group notes.

Guidelines for Joint Ventures

In a press note issued on September 22, the government has clarified, new guidelines for Indian firms to set-up joint ventures abroad in the fields of trading, marketing, consultancy and specialised services. These new measures are expected to help our exporters to face other competitors in the sophisticated markets in the developed countries and will provide them with an additional instrument to improve their export performance. One of the important objectives of the new export strategy is to improve the bargaining capabilities of Indian exporters in order to increase unit value realisation. However, in the markets of developed countries, there is a growing tendency towards increased distributive margins at wholesale and semi-wholesale and retail levels thereby adversely affecting the f.o.b. value realisation of exporters from developing countries. Likewise, increasing unit value realisation is of considerable significance for products facing quota restrictions or quantitative restrictions in the developed countries.

New Policy

The new policy permits Indian firms to invest in the existing marketing and distributive organisations abroad. Although normally, the policy of the government is not to allow cash remittance for meeting equity contribution in Indian joint ventures abroad, in the case of trading, marketing and consultancy ventures, which are in the nature of non-industrial projects, equity contribution by way of cash remittance will be allowed by the government depending on the merits of the case.

The new policy has been finalised at the recommendation of the inter-ministerial committee on joint ventures abroad, set up under the chairmanship of the additional secretary of the ministry of Commerce. The committee also includes representatives of the ministries of External Affairs, Finance (deptt of Economic Affairs), Industry, DGTD and the department of Company Affairs. The ministries of Steel & Mines and Agriculture and Irrigation will also be included in the committee. The ministry of Commerce is the focal point for approving and monitoring the proposals of Indian entrepreneurs for all types of joint ventures abroad.

The countries in which such joint ventures are launched include both developed and developing countries in the south-east Asia, south Asia, west Asia, Africa, as well as Europe and America. Some of these countries are Afghanistan, Bahrain, Canada, Fiji, France, Hongkong, Hungary, Indonesia, Iran, Kenya, Kuwait, Libya, Malaysia, Mauritius, Nepal, Nigeria, Oman, Philippines, Saudi Arabia, Seychelles, Singapore, Spain, Sri Lanka, Thailand, Uganda, UAE, UK (including N. Ireland), USA, West Germany, Yugoslavia, Zambia, Australia, Colombia, Cyprus, Ethiopia, Ghana, Grenada (W. Indies), Iraq, Ireland, Japan, Labanon, Morocco, Qatar, Senegal, Tanzania, Togo, Trinided and Yemen Arab Republic.

Command Area Development

Mr G.V.K. Rao, secretary Agriculture and Rural Development in the ministry of Agriculture and Irrigation, called upon the states to give high priority to the Command Area Development Programme (CAD) to derive optimum benefit from the irrigation potential created at high cost. He pointed out that though the gap between irrigation potential created (25 million hectares) and its utilisation (22 million hectares) was not very large, production benefit derived was far below the optimum. Mr Rao was addressing the first All India Conference on CAD recently which was attended by the states' secretaries incharge of CAD programme, administrators of CAD projects, agricultural commissioners, the chairman and the managing director of Agriculture Refinance Development Corporation, representatives of planning commission and other concerned departments.

The conference would

evolve an action plan to accelerate the implementation of CAD programme which would be considered at the conference of the state ministers incharge of minor irrigation and CAD. Mr Rao said that an integrated programme including proper scheduling of irrigation water to suit crop requirements, on farm development works including consolidation, crop planning and extension, and the arrangements for application of complementary inputs, modernisation of canal systems, provision of drainage network and construction of roads and markets was essential to derive maximum benefits from the command area irrigation projects.

Outlining the progress made by the CAD programme, Mr Rao informed that 50 major-medium irrigation projects with an ultimate irrigation potential of about 120 lakh ha. were covered under the programme till March 1978. He added that only about 20 lakh ha. have been covered under field channels and 8 lakh ha. under levelling and shaping. During the sixth Plan, an area of 80 lakh ha. was proposed to be covered under field channels and 30 lakh ha. with on-farm development works.

Problems of Jute Industry

In its recent publication "Jute Industry—Problems and Prospects" the Economic and Scientific Research Foundation has pointed out that the survival of the jute industry would depend on a five to six per cent annual growth of domestic consumption. For this remunerative price to farmers, reasonable price to consumers and adequate return to the industry are important. According to this study a successful harmonisation of these interests would urgently need a reduction of the existing heavy excise duty, provision for adequate bank credit and a suitable pricing policy. There will also be the need for a larger cash assistance, as in Bangladesh. Besides Indian lines should carry jute goods to export markets at reasonable freight.

Major Contribution

After the dislocation caused by the partition, the jute industry made steady recovery during the first and second five year Plans and climaxed its achievement during the third, with an export of nine lakh tonnes. The industry completed modernisation of the spinning section and partly covered the weaving section during the second Plan itself. It exhibited considerable dynamism during the period covering mid-fifties and mid-sixties and come out with a new product—carpet backing. Jute industry especially helped the process of planned economic development of the country by earning scarce foreign exchange. Lately however its own relative position has declined for a variety of reasons.

Assam-Bottom price increased at an average annual rate of 14.56 per cent between 1961-62 and 1976-77 while the price of Hessian and B-Twill increased at the rate of 7.16 and 7.23 per cent respectively. During the past ten years or so the industry could realise 3.1 per cent gross profit on sales and 7.3 per cent on capital employed. For a sample of 44 mills, as in the Reserve Bank study, representing 78 per cent of the paid-up capital of the industry, their cumulative profit before tax between 1965-66 and 1974-75, was Rs 22.03 crores while that after tax was Rs 6.02 crores only. In the process they had to draw down Rs 5.56 crores from the accumulated reserve and surplus during this period.

The position of the industry in relation to working capital has deteriorated almost steadily. The ratio of current assets to current liabilities was as low as 1.00 in 1973-74 and 0.97 in 1975-76. The dependence of the jute industry on borrowed funds for working capital might therefore be considered as total. For the current level of production the industry needs about Rs 200 crores of bank credit while current regulations permit it to draw only half of this.

According to the criterion fixed by the Reserve Bank the entire industry might be termed as sick and it is eligible for concessional finance from banks. The study points out that modernisation has an important role to play. Complete modernisation of the weaving section might increase loom productivity by 12.5 per cent and thus reduce weaving cost by Rs 100 per tonne. Sometimes there is opposition to modernisation from the workers and the trade unions should make them realise that modernisation is as much in the interest of the industry as themselves.

Dollar-Rupee Exchange

The US dollar has become cheaper by 10 paise from September 18 according to an announcement by the Reserve Bank of India. The Reserve Bank has revised the rates for buying and selling US dollar currency notes by banks and money changers from the tourists and the public with effect from September 18. New rates are: buying Rs 7.80 and selling Rs 8.20 for one US dollar.

Industrialisation in Madhya Pradesh

Addressing a meeting of the Bharat Chamber of Commerce, Calcutta, recently Mr V.K Saklecha, chief minister of Madhya Pradesh, stated that Madhya Pradesh has embarked on a massive programme of industrialisation to utilise the enormous potentials which exist in the state. Madhya Pradesh is the leading producer of major minerals of commercial importance like bauxite, manganese, coal, limestone, iron ore, dolomite etc. There are also a number of minor minerals, such as, diaspore, pyrophylite, quartz etc. He pointed out that the state is also very rich in forest resources. Forest constitutes about 27 per cent of the total area of the state. The state

National Textile Corporation (M.P.) Limited Requires

General Managers—2 posts

Candidates should possess Degree/Diploma in Textile or Degree in Business Management from an institute of repute with a minimum of 20 years experience in a textile mill, of which atleast 7 years should be as Production Manager/Manager preferably in a composite mill. Age limit 45 years relaxable upto 5 years for SC/ST candidates. The salary which would be negotiable could be upto Rs. 3500 p.m. with facility of house rent allowance besides availability of liberal medical reimbursement expenses, leave travel concession, encashment of leave, gratuity, provident fund etc. Other things being equal, preference will be given to SC/ST candidates. Persons working in Government/Semi-government/Public Sector Undertakings should apply through proper channel. Persons desirous of being considered for the above posts may apply latest by 7th October, 1978 giving full particulars of qualifications, experience, age, nature of actual work done, present an expected salary, joining time required on selection to the Director (P&A), National Textile Corporation (M.P.) Ltd., 27, Yeshwant Niwas Road, Indore-452 003.

davp-859(2)/78

government has recently formulated a new policy regarding supply of raw materials to forest-based industries under which any entrepreneur setting up an industry on a forest-based material would get uninterrupted supply of raw materials over a period of time on pre-determined rates.

For capital-intensive forest industries, such as, pulp and paper, rayon grade pulp, newsprint etc. the state government offers price concessions on royalty during the gestation period. He also stated that the Madhya Pradesh government has considerably improved the basic infrastructure facilities like transport and communication, power supply etc. The state government has decided to provide additional facilities like transport subsidies in Bastar and Surguja districts in the state. Raipur and Jabalpur have already been connected with Bombay and Delhi by air service and he also assured to provide air service facilities between Calcutta, Bhopal and Raipur through the cooperation of the central government.

Cathay Pacific

Cathay Pacific Airways is to begin once weekly non-stop service between Hong Kong and Port Moresby (Papua New Guinea) from November 4, it was announced recently. The new service will be operated by B707 equipment, departing Hong Kong on Saturdays at 9.20 p.m. and arriving on Sundays at 5.50 a m. Flights will depart Port Moresby at 7.05 p.m. on Sundays, arriving back in Hong Kong at 11.25 p.m. The timings are subject to government approval. A spokesman for Cathay Pacific stated that Port Moresby would become the airline's 21st destination, and the new service was designed to meet the needs of growing trade and cultural links between Hong Kong and Papua New Guinea.

Alitalia

In the month of August 1978 the passenger traffic and load factor of Alitalia increased considerably. Alitalia carried in August 697,000 passengers against 628,000 in the same period of 1977 with an increase of 11.0 per cent. The PAX/KM carried were 1,421,000,000 and have increased by 10.0 per cent over the same period of 1977. Load factor rose by 3.2 points from 67.4 of August 1977 to 70.6 of August 1978.

Seminar on Fertiliser Use

The minister for Agriculture and Irrigation, Mr Surjit Singh Barnala, recently suggested that a system of integrated supply of plant nutrients by judicious and proper balancing of mineral fertilisers, organic manures and bio-fertilisers be evolved. Utilisation of organic wastes as fertilisers would not only result in increased production through provision of nutrients but would also help in tackling environmental problems. Inaugurating the India/FAO/NORAD seminar on the development of the complementary use of mineral fertilisers and organic materials in New Delhi recently he pointed and that exploitation of organic waste resources and use of bio-fertilisers would also result in economising on the use of expensive mineral fertiliser.

Mr Barnala emphasised that efforts for increasing consumption of mineral fertilisers for achieving agricultural production programmes should continue more vigorously, not in isolation but in conjunction with organic materials. He said agricultural universities and other research institutions could contribute a lot by undertaking research on enriching compost with cheap sources of plant nutrients and bulk reduction studies. Field trials to ascertain the advantages of enriched product and of studies in regard to combined use of organics and inorganics should be undertaken. Much more serious efforts were required for exploiting the full potential of organic waste resources in the country. Green manuring had a definite scope in areas where one of the seasons was not utilised for growing a crop. There was need for popularising crop rotation with short duration legume crops. The minister called for intensive efforts to be made for increased use of rhizobium culture for legumes which was now a recognised practice. Widespread use of azolla and blue-green algae for stimulating atmospheric nitrogen fixation and effecting economy in the use of chemical fertiliser needed to be extensively explored.

US GNP in 1990

The Gross National Product, which will edge over the $2 trillion mark this year, will be over 5 trillion by 1990, according to composite forecasts from Predicasts, Inc., the Cleveland-based business information and market research firm. In 1960, when the statistical publication *Predicasts* first appeared, the GNP had just crossed the $500 billion mark. Between 1960 and 1990, the figure will have increased ten-fold points. Personal expenditures for medical care will go from $20 billion in 1960 to $124 billion this year and to $421 billion by 1990. Significantly, while this expenditure represented six per cent of total personal expenditures in 1960, it currently represents nine per cent and will rise to 13 per cent in 1990. The government will experience an even greater increase in percentage commitment to health costs by 1990. Government health and welfare expenditures of $10 billion accounted for seven per cent of total government expenditures in 1960; this together with the relatively new government involvement in medical insurance, will represent 20 per cent of total government expenditures in 1990, for a total of $341 billion.

Indian Investment Centre

Indian Investment Centre (IIC) is completing 18 years of its service to the country. It was set up in November 1960 as an autonomous organisation to fulfil the role of a catalyst to bring together Indian and foreign entrepreneurs and generally help in the promotion of industrial development in the country. Initially the activities of the centre related mainly to the promotiou of foreign investment in India and the import of technology from the developed countries. Over the years, however, the scope of its activities has become much wider to cope with the changes arising out of the developments that have since taken place in the industrial and the technological spheres in the country.

The centre, through its overseas offices located at London, New York, Dusseldorf and Tokyo, continues to disseminate information among the overseas investors about India's economic policies and procedures and assists in arranging suitable collaboration between the foreign companies having the requisite technical know-how and the Indian entrepreneurs and/or the pub-

lic sector undertakings. It is also playing an important role in promoting Indian joint ventures in other developing countries. Recognising the role that an agency like the Indian Investment Centre can play in the promotion of joint ventures and third country projects it has been designated as the focal point for the exchange of information and rendering necessary guidance at the meetings of our joint commissions/committees with various countries which have been held recently.

The IIC has been functioning as the focal point for assisting the non-resident Indians ever since the government announced special facilities and concessions to attract non-resident Indian investments in India. Another important activity which the centre has taken up in recent years is the entrepreneurial development programme to develop and foster local entrepreneurship, particularly in the backward areas and to encourage and guide small entrepreneurs to set up industrial units. This programme is being organised through its Entrepreneurial Guidance Bureaux which are located in Calcutta, Madras, Bhopal, Allahabad and Chandigarh.

Rural Telecommunication Seminar

The main purpose of the rural telecommunication seminar, which was inaugurated by the prime minister on September 11, was to describe rural telecommunication technology as it exists in different parts of the world, how it relates to the distribution networks, how well it meets the needs of users and how to apply it in a cost-effective manner. Of equal importance to the availability of technological know-how was the awareness of the socio-economic factors at work in order to assess the telecommunication needs. In the initial sessions of the seminar, attention was given to the methodology of determining these needs.

The problems of planning and establishment of rural telecommunication in the countries of the ESCAP region was highlighted in the opening lecture of the seminar. It stressed the need for evolving a methodology for the collection of data required for planning the telecommunication networks and for finding cost-effective technological solutions for establishing these networks.

Another lecture explained the handbook which an ITU study group is preparing as an aid to developing countries in planning their rural telecommunication networks. The benefits of telecommunication to development including the factors affecting the financing of rural telecommunications was described in yet another lecture.

Steel for Small Industries

In accordance with the policy of the government to make maximum steel available to small-scale industries at concessional rates, SAIL has planned to more than double the supply of pig iron and steel products during 1978-79 as compared to the supply of 212,000 tonnes of pig iron and 150,000 tonnes of steel products. In August, 1978, sales to small scale industries amounted to 24,000 tonnes of steel products and 23,000 tonnes of pig iron. As compared to average monthly supply of 13,000 tonnes of steel products and 18,000 tonnes of pig iron, the increase was 84 per cent in steel and 27 per cent in pig iron. In addition to the sale of 24,000 tonnes of steel in August, 1978, offers to the extent of 23,000 tonnes were pending for payment by small-scale industries corporations. Including this, total steel made available to small-scale industries in the first five months works out to 109,000 tonnes which is 70 per cent of total steel made available during 1977-78. Similarly, 160,000 tonnes of pig iron given to them in the first five months amount to 54 per cent of total pig iron made available during the last full year. If small-scale industries corporations are able to lift the materials promptly by making financial arrangements, SAIL will be in a position to meet fully the programme of supply to the small-scale industries corporations.

Names in the News

Mr P. C. Khanna, director of the Britannia Biscuit Co Ltd has been recently elected as president of the Delhi Factory Owners' Federation. Besides his association with a number of trade and industry organizations, he is member, managing committee of the

Mr P. C. Khanna

Punjab, Haryana & Delhi Chamber of Commerce and Industry and an active and founder member of Biscuit Manufacturers Association of India.

Mr P.T. Venugopal, the chairman of the Oil and Natural Gas Commission (ONGC) has been appointed to the board of Oil India Limited (OIL) as a part-time member. This is likely to facilitate consultations between the OIL and the ONGC—the two national organisations concerned with exploration and production of crude oil as also with the natural gas development programme.

Mr S. S. Kanwar, director of the Raunaq Enterprises has been elected as vice-president of the Delhi Factory Owners' Federation. Kanwar is the regional president of Indo-American Chamber of Commerce and managing committee mem-

Mr S. S. Kanwar

ber of the Punjab, Haryana & Delhi Chamber of Commerce and Industry. He is also vice-president of Steel Furnace Association of India.

COMPANY AFFAIRS

Transformers and Electricals Kerala

TRANSFORMERS and Electricals Kerala Ltd has reported improved working results for the year ended March 1978. Sales have risen from Rs 7.29 crores in 1976-77 to Rs 10·64 crores in 1977-78 and the gross profit from Rs 1.37 crores to Rs 1.44 crores. After providing Rs 44.87 lakhs for depreciation, Rs 10 lakhs for investment allowance and Rs 38.58 lakhs for taxation, the net profit works out at Rs 50.54 lakhs. An equity dividend of 12 per cent will absorb Rs 48 lakhs. General reserve gets Rs 87.62 lakhs. The total production is assessed at Rs 11.05 crores against Rs 8.64 crores in the previous year. The production includes two 60 MVA, one 83.3 MVA and one 150 MVA 400 KV class transformers. The last one is the biggest ever manufactured in the country.

Third Stage Expansion

The company during the year has manufactured 3 nos. 250/240 MVA 220 KV class power transformers. The company also successfully manufactured and tested 400 KV bushings and current transformers during the year. It also executed a contract for erection of transformers in Saudi Arabia during the year. The company had completed the third stage of its expansion programme. It has received letters of intent for substantial expansion of transformer capacity and also to take up the manufacture of gas circuit breakers and reactors up to 400 KV.

The company availed of term loans amounting to Rs 243 lakhs from the financing institutions during the year for financing the III stage expansion scheme as follows: Industrial Development Bank of India (Rs 93.00 lakhs), Industrial Finance Corporation of India (Rs 40.00 lakhs), Industrial Credit & Investment Corporation of India Ltd (Rs 35.00 lakhs). and Life Insurance Corporation of India (Rs 75.00 lakhs).

Goodyear India

Mr N.F. Cope, managing director, Goodyear India Ltd, told the shareholders recently at the annual general meeting that the company's exports during 1977 were over two and a half times greater than during 1976, and achieved the target set by the government.

These improved results reflect improved marketing techniques. In September 1977, the government imposed a statutory export obligation on the tyre industry of fifteen per cent of production for the company and other older companies, and ten per cent for the new companies. At the end of 1977, the company introduced new nylon truck tyre, the super cross rib, and new dual purpose rear tractor tyre.

During 1977, while the lack of profitability did not permit any corporate income tax contribution to the exchequer, the company did pay over Rs 22 crores in various excise and import duties and sales and other taxes, and its employees contributed a further Rs 15.4 lakhs in personal income tax.

Mr Cope pointed out that a serious situation was rapidly developing in the supply, or lack of supplies of natural rubber. Little or no rubber was available, and what was available commanded an extremely high price. Even if the new tappings permit supplies to move into the market in time to prevent major shutdowns in the rubber industry, the company may be faced with a severe shortage in January, 1979 when rubber production ceased for wintering. The government's decision to import rubber was therefore justified and should be moved forward rapidly to avert a crisis, he added.

Titaghur Paper

Titaghur Paper Mills has reported satisfactory working results for the year ended March 1978. Sales have gone up marginally to Rs 38.09 crores from Rs 37.76 crores and so also the gross profit to Rs 143.06 lakhs from Rs 142.50 lakhs in the previous year. Equity dividend on A and B shares has been maintained at eight per cent which will absorb Rs 37.85 lakhs. After allocations, a sum of Rs 4.28 lakhs has been transferred to general reserve. Production of paper increased marginally to 79,294 tonnes from 78,887 tonnes. Apart from some improvement in the case of common varieties of paper, the order book for specialities has been restricted. In order to remove imbalances and improve operations, the company has embarked upon modernisation and replacement of the old plant and equipment at its three units in two phases. Barring the installation of soda recovery boiler, the first phase is almost complete and likely to be commissioned before the year-end.

Mysore Cements

Mysore Cements Ltd proposes to issue 1,350,000 equity shares of Rs 10 each and offer the same as right shares to the existing shareholders at a premium of Rs 3 per share in the ratio of three shares for every four shares held. The proposed rights shares will rank for dividend that may be declared by the company for periods subsequent to June 30, 1978. The company is setting up a Rs 23-crore project at Narsingarh village is Damoh district of Madhya Pradesh. This is proposed to be financed by the issue of rights share, including premium, term loans and privately placed debentures and internal accruals. The financial institutions and banks will have the option to convert a part of the term loan debentures not exceeding in aggregate Rs 2.20 crores into fully paid equity shares at a premium of Rs 2 per share.

The company also proposes to issue 30,000 (11 per cent) cumulative redeemable preference shares of Rs 100 each at par. The proceeds of the preference shares issue will be utilised for financing a part of the cost of the power plant being undertaken at Wadi. In order to meet the shortfall in power supplied by the company's existing factory, the directors have thought it prudent to instal a 10 MW coal

based thermal power plant at Wadi as it is in close proximity to Singareni collieries.

Modi Spinning

Modi Spinning and Weaving Mills Co has announced reduced equity dividend of 14 per cent for the year ended April 1978 as against 18 per cent paid in the previous year. According to the preliminary results, sales have risen by 4.3 per cent to Rs 90.26 crores from Rs 57.84 crores, but the gross profit has declined by about 20 per cent to Rs 2.34 crores from Rs 2.79 crores. After providing Rs 1.12 crores for depreciation, Rs 24.25 lakhs for investment allowance reserve and Rs 48 lakhs for taxation, the net profit works out of Rs 50.12 lakhs against Rs 90.48 lakhs in the previous year. Writing back a sum of Rs 10.40 lakhs from development rebate reserve and Rs 40.90 lakhs as excess taxation from previous year, there is a disposable surplus of Rs 101.42 lakhs against Rs 90.48 lakhs. Equity dividend will absorb Rs 44.56 lakhs and preference dividend Rs 4.28 lakhs. The balance of Rs 51.59 lakhs has been transferred to the general reserve.

FACT

A full year of industrial harmony in the financial year 1977-78 enabled the Fertilisers and Chemicals Travancore Limited (FACT) to "reverse the part trend of increasing losses", according to FACT's chairman and managing director, Dr. P. K. Narayanaswamy. He told pressmen recently that the net loss for the financial year 1977-78 had come down appreciably to Rs 886 lakhs from Rs 1,396 lakhs in the previous year. Steady improvement in performance in production, marketing and securing and executing of contracts was a feature last year, which was also marked by the signing of long-term wage agreements in most of the divisions of the FACT, he said. For the financial year 1977-78, the FACT showed a financial surplus of Rs 341 lakhs against a deficit of Rs 32 lakhs in the previous year, before providing for depreciation and interest on government loans and long-term borrowings but after providing for increased wage bill during the year. After allowing for depreciation and other liabilities, the net loss for the year was Rs 886 lakhs as against Rs 1396 lakhs in 1976-77.

Nirlon

The sales of Nirlon Synthetic Fibres and Chemicals in the current year so far have been lagging behind production. The company's production during the April-August period had amounted to 2,484 tonnes as against 2,194 tonnes in the corresponding period of the last year. The average price realisation in respect of textile yarn during the same period has, however, been higher, and the company's total turnover for the current year is likely to aggregate Rs 60 crores.

Disclosing this at the company's annual meeting in Bombay recently, Mr S. P. Mehta, a director who presided, in the absence of the chairman, said that the company would be able to show better profits for the current year. Although it was premature to consider the question of a bonus issue in terms of the government guidelines, the board would take up the issue at an appropriate time.

National Insulated Cable

The National Insulated Cable Co. of India Ltd has been able to improve upon past performance and consequently stepped up its dividend from five per cent to six per cent. The gross profit for the 13 months period ended April 30, 1978 is Rs 42.01 lakhs. The directors are satisfied with the results which have been achieved in the face of many unprecedented challenges. The most adverse factor was that of power constraint which was witnessed throughout the year. Whilst looking to the future with optimism the directors report that the company is embarking on a scheme for modernisation of its factory. The company is also negotiating the establishment of a large project for the manufacture of crossed linked polythelene power cables in the joint sector.

Chemicals & Pharmaceuticals Corporation

During the second year of operation, the Chemicals and Pharmaceuticals Corporation of India Ltd achieved sales turnover of Rs 122 crores registering a growth of 25 per cent over 1976-77. While the exports turnover at Rs 7 crores was higher than that of the previous year by 14 per cent, the imports sales at Rs 115 crores were up by 26 per cent. The increase in imports was mainly accounted for by thermoplastics, alkyl benzene, antimalarials and antibiotics. Profit after tax declined from Rs 1.37 crores in 1976-77 to Rs 0.78 crores in 1977-78. A sum of Rs 57 lakhs has been transferred to drugs price equalisation account, newly created by the government for the purposes of absorbing international price fluctuations of canalised drugs, and to impart stability in the domestic prices of drugs formulations. After maintaining dividend at the rate of 20 per cent (Rs 20 lakhs), a sum of Rs 58 lakhs has been transferred to general reserves.

The CPC plans to intensify its efforts towards promotion of export of chemicals, drugs and pharmaceuticals, particularly from the small and medium scale sector. For this purpose, the export activities of the corporation have now been separated from the import activities, and separate export devision formed for chemicals and drugs and pharmaceuticals. Within the long range marketing plans, the corporation would be undertaking market studies in the developing and promising markets such as Africa, west Asia and south east Asia. On the other hand, appropriate studies would be carried out to identify and develop product fields which have exportable surplus and potential backed by technically viable production units and competitive production costs.

Gabriel India

Gabriel India Limited which entered the market on September 27, 1978 with an issue of 5,28,000 equity shares of Rs 10 each at par, has made substantial progress in implementing the bearings project. The bearings project with a capacity of six million bearings and bushings per annum and 800 tonnes of bimetallic strips, is coming up at Parwanoo, a declared backward area in Himachal Pradesh. The company has acquired land on a long term lease of 95 years. This is locat

d approximately 25 kms from Chandigarh and is well connected by road and rail. Most of the plant and machinery required for this project are special purpose custom-built high productivity machines specially designed for this purpose by Federal-Mogul Corporation, the company's collaborators. This will be a plant with the latest technology and equipment in the manufacture of bimetallic bearings.

The company expects to go into commercial production of strips in the first quarter of 1979, and bearings by the second quarter of 1979. The company expects a very bright prospect for its bearing division. The company's shock absorber division is located at Mulund and has turned out excellent results. Sales for the year ending May 31, 1978 as per unaudited preliminary results are estimated at Rs 400 lakhs and profit before taxes at about Rs 45 lakhs. The shock absorber division is poised for further growth based on the fact that the trends in the diesel transportation and the automotive industry are on the upswing. The sales potential of this particular heavy duty shock absorber division alone is estimated at about Rs 200 lakhs. The company expects the sales and profits to grow appreciably in the coming years.

Colgate

Colgate-Palmolive (India), which is at present fully owned by its US principals, is to dilute its foreign shareholding to 40 per cent under FERA. The US company proposes to make an offer of sale to the Indian public of 1,179,000 equity shares of Rs 10 each at a premium of Rs 15 per share some time in November next. After the completion of the sale, the non-resident interest in the equity capital of the company will stand reduced to 40 per cent. The company's issued capital is Rs 195.60 lakhs which after the offer of sale will increase to Rs 314.40 lakhs.

The company's manufacturing units are located at Sewri, Bombay. The book value of its assets as on June 30, 1978, stands at Rs 131.19 lakhs. It is presently counstructing an extension to its factory building for warehousing and other purposes at a cost of Rs 50 lakhs. It manufactures and markets dental care and hair care products and other personal care products like shaving creams and lotions which onjoy good reputation. The company has also substantially increased its exports with the help of its overseas contacts.

Papyrus Papers

Papyrus Papers Ltd, a new company engaged in the manufacture of MG industrial packing papers and MF writing and printing papers by jute and hessian cuttings and waste papers, will enter the capital market on September 29, 1978, with a public issue of Rs 81.50 lakhs through the offer of 815,000 equity shares of Rs 10 each at par. The guidance and supervision will be done by Tata Economic Consultants Services, Bombay, in association with Cellulosic Consultants (India) Pvt Ltd, New Delhi. The total cost of the project is estimated at Rs 448 lakhs, of which Rs 299.1 lakhs will be invested in land and site development, buildings, plant and machinery and technical know-how fees. There is heavy dependence on term finance which will amount Rs 288 lakhs out of total requirements of Rs 448 lakhs. The required raw materials for the products are available indigenously in plenty.

Gujarat Narmada Valley Fertilizers

The Rs 270-crore Gujarat Narmada Valley Fertilizers project being constructed north of Bharuch will commence trial production in the first quarter of 1980 and commercial production in the second quarter of the same year. This was disclosed by Mr M. Sivagnanam, managing director, recently. The work was going in full swing despite heavy rains and the consequent water-logging all around. Mr Sivagnanam stated that GNFC had applied to the government for using the Bombay High gas both for fuel as well as feedstock. He also said that GNFC was planning to use low sulpher heavy stock oil (LSHS oil) instead of coal for its boilers. He was confident that it would be possible to raise the plant's operational efficiency gradually from 60 per cent to 80 per cent in the first two to three years and then reach the breakeven point.

Capital and Bonus Issues

Eight companies have been allowed to raise capital of Rs 3.24 crores. One company has, however, been refused permission to issue bonus equity shares of Rs 4.76 lakhs. The following are the details:

Mafatlal Industries Limited: Particulars of issue: Rs 135 lakhs in the ratio of one bonus share of Rs 125 each for every five equity shares of Rs 125.

The Malayala Manorama Company Limited: Particulars of issue: Rs 6 lakhs in the ratio of one bonus share of Rs 10 each for every two equity shares of Rs 10.

Savelle Chemi Private Limited: Particulars of issue: Rs 5 lakhs in the ratio of one bonus share of Rs 100 each for each equity share of Rs 100.

Pigment and Dyestufts Limited: Particulars of issue: Rs 28.35 lakhs in the ratio of nine bonus share of Rs 100 each for every 10 equity shares of Rs 100.

Nutan Mills Limited: Particulars of issue: Rs 20 lakhs in the ratio of one bonus share of Rs 100 each for every two fully paid equity shares of Rs 100.

Duncan International Ltd: Particulars of issue: Rs 18,35,900 in equity shares for cash at par as rights in the ratio of eleven new shares for three shares held, in order to repay a part of the outstanding loans to the holding company.

Indian National Diesel Engine Co Ltd: Particulars of issue : Rs 10,88,720 in the equity shares of Rs 10 each to the shareholders of Mahindra Electrochemical Products Ltd. The consent is in terms of and in accordance with the scheme of amalgamation of the latter with the former approved by Bombay High Court on June 28, 1978.

Tamil Nadu Industrial Development Corporation Limited: Particulars of issue: Guaranteed debentures of Rs 100 lakhs (with the right to retain additional subscription up to 10 per cent of the notified amount) to the general public through a prospectus in order to utilise the proceeds for augmenting the resources of the corporation.

UNI-Sankyo Ltd has been refused permission to issue equity shares of Rs 4.76 lakhs.

Foreign collaborations

RECORDS AND STATISTICS

The government approved 167 cases of foreign technical and financial collaborations during the months from October 1977 to March 1978. Out of these, 16 cases involved financial participation and 151 technical collaboration only. The foreign collaborators are Australia, Austria, Belgium, Bulgaria, FRG, Finland, France, GDR, Holand, Hongkong, Hungary, Italy, Japan, Norway, Poland, Spain, Sweden, Switzerland, United Kingdom, USA and USSR.

Sl. No.	Name of the Indian company	Name of the foreign collaborator	Item of manufacture
1	2	3	4
		(October—December, 1977)	
		INDIA—AUSTRALIA	
1.	M/s Punjab State Industrial Development Corporation Ltd, SCO 54, 55 & 56, Sector 17-A, Chandigarh	M/s Hardy Spicer (Australia), Co, PO Box No 175, Clayton, Victoria, Australia-3168	Automobile axle shafts
		INDIA—AUSTRIA	
2.	M/s Punjab Nylo Transmissions Ltd, Nakodar Road, Jullundur City, Punjab (Composite case)	M/s Leripa, Vienne Austria	Extruded nylon strips
		INDIA—BELGIUM	
3.	M/s Key Bee Industries (India) Pvt Ltd, 51, Najafgarh Road, New Delhi	M/s LVD Company PVBA Nijverheidslaan 2, 8630, Gullegem (Belgium)	Cotton baling press
		INDIA—CZECHOSLOVAKIA	
4.	M/s Foundry Forge Plant, Heavy Engg Corporation Ltd, PO Dhurwa, Ranchi	M/s Skodaexports, Czechoslovakia	Spare parts for plant and machinery
		INDIA—FRG (Federal Republic of Germany)	
5.	Mr Arunabha Mitra, 14/8A, Gariahat Road, Calcutta	M/s Peter Uhren GmbH, 7210, Rottweil, FRG	Alarm time pieces
*6.	M/s Bharat Lindner Pvt Ltd, Industrial Area, Post Chemical Industries, Baroda	M/s Lindner GmbH, Postfach 1960 Lichtenhaidestrase 15, 8600 Bamberg, FRG	Electrical fuses, fuse units and distribution boards etc
7.	Mr Arunabha Mitra, 14/8A, Gariahat Road, Calcutta	M/s Jahresuhren Fabrik GmbH, Aug Schatz and Sohne 7740 Triberg, FRG	Battery operated travelling folding alarm pieces
*8.	Mr Y.K. Gupta, Director, Delton Cable Industries (P) Ltd, Delton House, 24-Daryaganj, New Delhi (Composite case)	M/s Kabel-und-Metal Works of FRG	Copper clad aluminium wire rods
9.	M/s Heavy Machine Building Plant, (HEC) Plant, Plaza Road, PO Dhurwan, Ranchi	M/s Demag, FRG	Stacker-cum-reclaimers
10.	M/s Delta Corporation, 201, Wadala Udyog Bhavan, Nigaum Cross Road, Wadala, Bombay	M/s Allweiler Group of Companies, D-7760, Radolfzell, FRG	Positive displacement single and multi-spindle screw type power driven process pumps

1	2	3	4
11.	M/s Pioneer Equipment Co Pvt Ltd, 432, Padra Road, Baroda	M/s Kunkel Wanger & Co KG D3220 Alfeld-Leine, FRG	Foundry equipment (moulding machines)
12.	M/s J.M.A. Industries Ltd, 29, Community Centre, East of Kailash, New Delhi	M/s Estfalische Metal Industries KG Hueck & Co, Lippstadt, FRG	Beam setters
13.	M/s Tungabhadra Machinery & Tools Pvt Ltd, 43/163, N.R. Peta, Kurnool	M/s Pallmann, D-6660 Zweibrucken, Postfach 61, Pallmann Zwbkn, FRG	Pallmann chippers
14.	M/s N.G.E.F. Ltd, Old Madras Road, Byappanahalli, Bangalore	M/s AEG-Telefunken, Bereich/Ausland/Fertigung D-6000, Frankfurt Main 70, AEG-Hochhaus, FRG	Camshaft controller, Master controller & Contractors
15.	M/s Travancore Cochin Chemicals Ltd, Udyogmandal, Kerala	M/s Friendrich Udhe GmbH, FRG	Ossein dicalcium phosphate and allied chemicals
*16.	M/s Punjab State Industrial Development Corporation Ltd, SCO 54-56, Sector 17-A, Chandigarh	M/s Heinrich Kopp, 8756 Kahl/Main, Postfach 816, FRG	Miniature circuit breakers
17.	M/s Gontermann-Peipers (India) Ltd, 69, Ganesh Chandra Avenue, Calcutta	M/s Gontermann Peipers GmbH, 5900 Siegen/Westf; Postfach 10 08 42, FRG	Iron & steel rolls
18.	M/s Westerwork Engineers Ltd, 5-D, Vulcan Insurance Building, Veer Nariman Road, Bombay	M/s Ludwig-Ofag-Indugas Industrieofenanlagen GmbH, 43, Essen, Moltkeplatz-1 Postschiessfach 1046, FRG	Lime calcinating furnace plant
19.	M/s Vulcan-Laval Ltd, Mustafa Building, 7A, Sir P.M. Road, Bombay	M/s Arenco-BMD Machinenfabrik GmbH, Postfach 410140, D-7500 Karlsruhe 41, FRG	Foundry moulding machines & shot blasting machines
20.	M/s Vulcan-Laval Ltd, Mustafa Building, 7A Sir P.M. Road, Bombay	M/s Arenco-BMD Maschinenfabrik GmbH, Postfach 410140, D-7500 Karlsruhe 41, FRG	Hydraulic presses
*21. (F)	M/s Punjab State Industrial Development Corporation Ltd, SCO 54, 55 & 56 Sector 17-A, Chandigarh	M/s ScHON and CIE GmbH, FRG and M/s H. Siebeck, FRG	Safety shoes/Mocos-sin shoes/Civilian shoes and other items of leather footwears
22.	M/s Kirloskar Electric Co Ltd, Industrial Suburb, Rajajinagar, Bangalore	M/s Messwandler-Bau GmbH, D-8600 Bamberg, Nuernberger Str 199, FRG	Testing transformers
23.	M/s Dalal Engineering Pvt Ltd, 36/37, Jolly Maker Chambers II, Nariman Point, Bombay	M/s Obermaier & Cie Verwaltungs-GmbH, Neustadt/Weinstrasse, FRG	Recirculatory high pressure high speed extractor drying plants
*24. (F)	M/s Tufted Carpets and Woollen Industries Ltd, Surya Kiran Building, 19, Kasturba Gandhi Marg, New Delhi	M/s Besmer Teppichfabrik Mertens KG FRG	Tufted carpets, Wilton/Ax-minister carpets
25.	M/s Polychem Ltd, Jamshedji Tata Road, Churchgate Reclamation, Bombay	M/s Bayer, AG, Leverkusen, FRG	Vinyl acetate monomer
26.	M/s Industrial Chemicals Ltd, "Dhun Building", 175/1, Mount Road, Madras	M/s Friedrich Uhde GmbH, Deggingstrasse 10, 46, Dortmund, FRG	Vinyl acetate monomer
		INDIA—FINLAND	
27.	M/s Birla Jute Mfg Co Ltd, (Cement Division) Birla Cement Works, Chittorgarh	M/s Ahlstrom Osakeyhtio Hans Ahlstrom Laboratory Engineering & Sales, PO Box No 329, SF 00101, Helsinki	Homogenizing & storage silo

1	2	3	4
28.	M/s RMT Drill Pvt Ltd, Pollachi Road, Malumachampatti (PO), Coimbatore (Composite case)	M/s Tamrock of Finland	Load-haul dumps
		INDIA—FRANCE	
*29.	M/s Kirloskar Oil Engines Ltd, 11, Goregaon Road, Poona	M/s Sociate D' Etudes De Machines Thermiques, France (SEMT)	SEMT pielstick engines
*30.	M/s Vulcan Engineers Pvt Ltd, Mahalaxmi Chambers, Bhulabhai Desai Road, Bombay	M/s Stein Surface, Courrier D' Enterprise No 1107, 91015 Every-Cedex, France	Industrial furnaces
31.	Mr N.K. Jhunjhunwala, S-19, Greater Kailash I, New Delhi (Composite case)	M/s Sandoz Frainer SA of France	Stainless steel watch cases
32.	M/s The K.C.P. Ltd, 38, Mount Road, Madras	M/s Fives Cail Babcock, 7, Rue-Montaivet, Paris, (France)	Equipment for dry process cement plant
*33.	M/s Meghalaya Phytochemicals Ltd, 6, Old Post Office Street, Calcutta	M/s J. Mero & Boyreau, 06332 Grasse, France	Coffee extracts
*34.	M/s Sifco Ltd, 211, Dr D. Naoroji Road, Bombay	M/s JAZ SA of Paris, France	Transistor movements and transistorized quartz movement
		INDIA—GDR	
35.	M/s Printers Engineering Co, Sambava Chambers, 20, Phirozshah Mehta Road, Bombay	M/s VEB Polygraph Leipzig, GDR	Offset printing machine
36.	M/s G.K. Industries, 207, Chikkann Garden, Shankarapuram, Bangalore	M/s VEB TUR "Hermann Matern", 3030, Dresden, GDR	Electro-medical equipment
		INDIA—HOLLAND	
37.	M/s Century Enka Ltd, Phosari Post, Poona	M/s Akzo Zout Chemie BV, Bortenweg, Hengelo (O), Holland	Vinyl acetate monomer
38.	M/s Century Enka Ltd, Bhosari, Poona	M/s Akzo International bv IJssellaan 82 Arnhem, Holland	Engg (plastic) polymer resins—polyester (saturated) & polyamide (nylons-6)
		INDIA—HUNGARY	
*39.	M/s Ramnath Exports Pvt Ltd, A-7, Green Park, New Delhi	M/s Technoimpex, Hungarian Machine Industry Foreign Trade Co, Budapest V, Dorottya U, Hungary, M/s Konsumex Foreign Trade Co & M/s Intercorporation Co Ltd, Budapest V, Hungary	Leather footwear uppers
40.	M/s ESPI Agricultural Machineries Pvt Ltd. Plot No 270, Sector 24, Faridabad	M/s Medicor Works 1389 Budapest Rontgen u 11-13, Hungary	Industrial X-ray machines
		INDIA—ITALY	
41.	M/s Premier Tyres Ltd, Merchant Chamber, 41, New Marine Line, Bombay	M/s SAIAG Societa per Azioni, Sede Legale 10073 CIRIE—Via Teriono 100 Italy	Steel cord belting
		INDIA—JAPAN	
42.	M/s Eddy Current Controls (I) Ltd, Eddypuram, Chalakudy, Kerala	M/s Yaskawa Electric Manufacturing Co Ltd, Tokyo, Japan	Eddy current clutch with electronic controls

1	2	3	4
43.	M/s Mukand Iron & Steel Works Ltd, Lal Bahadur Shastri Marg, Kurla, Bombay	M/s Hitachi Ltd, No 5-1, 1, Chome, Maruhouchi Chiyoda-Ku Tokyo, Japan	Steel castings
44.	M/s Transwel Chains (India) Ltd, 67, Shardhanand Marg, Delhi	M/s KAGA Industries Co Ltd, 2-723, Kushibiki-Cho, Ohmiya, Saitama, Japan	Industrial chains and precision roller chain
*45.	M/s Jay Needle Bearing Corporation, 226, New Market, Chickpet, Bangalore	M/s Koyo Seiko Co Ltd, No 9-3, Chome Sueyoshibashi Minamiji, Osaka 542, Japan	Needle roller, needle roller bushes, needle roller cages & needle roller bearings
46.	M/s Meridian Inflatables Pvt Ltd, 401, Regent Chambers, Nariman Point, Bombay	M/s Fujikura Rubber Works Ltd, 12-8-3 3-Chome Shibaurn Minato-Ku, Tokyo, Japan	Inflatable life rafts, inflatable life jackets and inflatable boats
47.	M/s Golconda Abrasives Ltd, 3-6-467/1, Hardikarbagh, Hyderabad	M/s Osaka Kongo Seito Co Ltd, 2-Chome, Uehonmachi, Tennoji-Ku, Osaka, Japan	Vitrified grinding wheels
*48.	M/s Associated Cement Co Ltd, Cement House, Maharshi Karve Road, Bombay	M/s Mitsubishi Mining and Cement Co Ltd, (MMCC), Japan	Dry process suspension preheater cement rotary kilns
49.	M/s UP Electronics Corporation Ltd, 4, Prag Narain Road, Lucknow	M/s Nephew's International Inc (NII) Port PO Box 216, Yokehama, Japan	Tape deck mechanism
50.	M/s Elecor Engineering Co Ltd, PB No 6, Ballabh Vidyanagar, Gujarat State	M/s Seiki-Kogyocho Ltd, 7-33, Higashi-Tsukaguchieho, 1 Chome, Amagasaki, Japan	Case carburised, hardened and ground spur gear units
51.	M/s Sneva Abrasive Rools (P) Ltd, No 40, Errabalu Chetty Street, Madras	M/s Osaka Kongo Seito Co Ltd, 2-Chome, Uchonmachi Tennoji-Ku, Osaka, Japan	Vitrified abrasive grinding wheels
		INDIA—NORWAY	
52.	M/s Chowgule & Co Pvt Ltd, Morgmugao Harbour, 403803, Goa	M/s Normaritim A/S Skipskonsuifnenter OG Skipstegnekontor, Hovedkontor, Norway	Fishing vessels (purse seiners)
		INDIA—POLAND	
53.	M/s Scielabo Sales Corporation, Harilala House, 36, Mint Road, Bombay (Composite case)	M/s LABIMEX of Poland	Automatic high precision balances
		INDIA—SPAIN	
54.	M/s Jaya Hind Industries Ltd, Bombay-Poona Road, Akurdi, Poona	M/s Fabrica Espanola Magnetos SA, c/o Hermanos Garcia Noblejas, 19, Madrid-17, Spain	Electric magnetos
		INDIA—SWEDEN	
55.	Mr M.L. Bhartia, 3A, Shakespeare Sarani, Calcutta	Ms A.B. Bofars, Nobel Chematur, S. 69020 Bofors, Sweden	Vinyl acetate
56.	M/s Utkal Machinery Ltd, Kansbahal, District Sundargarh, Orissa	M/s Sala International AB, S. 73300, SALA, Sweden	Ore preparation
		INDIA—SWITZERLAND	
57.	M/s Hindustan Brown Boveri Ltd, Brown Boveri House, 264/265, Dr Annie Besant Road, Bombay	M/s Brown Boveri & Co, Baden, Switzerland	EGT SF 6 outdoor circuit breakers upto 220 KVA (ISC standard 245 KV)

1	2	3	4
58.	M/s Electrical Manufacturing Co Ltd, EMC Gardens, 136, Jessors Road, Calcutta	M/s Gretner AG 6330 Cham, Switzerland	Aluminium/steel pirns (cops)
*59.	M/s Camphor and Allied Products Ltd, 133, Mahatma Gandhi Marg, Bombay (Composite case)	M/s Societe Industrielle De Son ceboz SA of Switzerland	DC micromotors, asyrehronous motors and hysterisis type synchronous motors
60.	M/s SLM-Maneklal Industries Ltd, Shafi Manzil, Ashram Road, Ahmedabad	M/s Bell Engineering Works Ltd, 6010 Kriens/Lucerne, Switzerland	Large size water rin vaccum pumps
61.	Dr Karanth's Pharma-Chemical Industry, B-11, Industrial Estate, Sanathnagar, Hyderabad	M/s Bimax AG, Feurthalen-CH 8245, Switzerland	Turret heads
62.	M/s Peass Industrial Engineers Pvt Ltd, Maneklal Road, Navasari (W Rly) Gujarat	M/s Fr Mettler's Sons Ltd, 6415, Arth, Switzerland	Yarn singeing machine of GSG an GSE type with burners NGB, KB, KB KBB, NEB, and M
63.	M/s Mashstro (India) Pvt Ltd, 21A, Shakespeare Sarani, Calcutta	M/s B. Buck Material Handling Equipment Co, 6280 Hockdorf, Merkurstrasse 2, Switzerland	Material handling equipment
		INDIA—UK	
64.	M/s Firth (India) Steel Co Ltd, Plot No F-3, Road No 22, Post Box No 322, Wagle Estate, Thana (Maharashtra)	M/s Firth Brown Ltd, P Box No 114, Sheffield S4 7US, UK	High speed steel & alloy constructional steel
*65. (F)	Mr Amolak Singh Arora, 2, Earlswood Avenue, Thornton Heath, Surrey, United Kingdom	M/s Berger Traffic Marking Ltd, Albert Road, UK	Gatastuds
66.	M/s Bridge and Roof Co (India) Ltd, 427/1, Grand Trunk Road, Howrah-1 (West Bengal)	M/s York Trailer Co Ltd, Corby, Northamptonshire NN 18 8 AH, UK	Marine freight containers
67.	M/s P.M. Madurai Moodaliar & Sons, Madurai Moodaliar Road, Bangalore	M/s Entecon Ltd, Blackwater Bridge London Road, Blackwater Camberley, Surcey GU 17 9AP England	Crop drier
68.	M/s Mettur Beardsell Ltd, Bombay Mutual Badras, N.S.C. Bose Road, Madras	M/s Satec Ltd, PO Box 12, Weston Road, Crewe CWIIDE, Cheshire, UK	Pollution control industrial effluent & sewage treatment pla
69.	M/s Jai Prakash Jain, Post Box No 43, Rani Baug, Rewa (MP)	M/s Dow Corning Ltd, Barry, Glamourgaon, UK	Cross linkable polt thylene compound
*70. (F)	M/s Tamil Nadu Agro Ind. Corpn Ltd, "Agro House", Industrial Estate, Guindy, Madras (Composite case)	M/s W.S.H. Taylor Engg Development Ltd, UK	Trantor multi-purpose vehicles
71.	Mr Satyabrata Sen, 12, Lee Road, Calcutta	M/s Thorn Lighting Ltd, Thorn House, Upper St, Martin's Lane, London WC2E 9ED, England	Various type of lighting equipment

1	2	3	4
72.	M/s Patel Brothers Services & Engg Pvt Ltd, Elphinston Building, 6, Veer Nariman Road, Fort, Bombay	M/s Sea Water Supplies Ltd, North Parade, The Promenade, Skegness, Lincs, PF25, IDB, England	SWS filters
73.	M/s Toshniwal Instruments (Bombay) Office: Haines Road, 8, Mohatta Bhawan, Bombay	M/s Oxford Electronic Instruments Osney Mead, Oxford OX2 ODX England, UK	Instruments potentiometric recorders
74.	M/s Usha Breco Ropeways Ltd, 'Barick Bhawan' 8, Chittaranjan Avenue, Calcutta	M/s British Repeways Engg Co Ltd, Tubs Hill House, London Road, Sevenoaks, Ken, TN 13 IDB, UK	Material handling plant in the field of aerial ropeways
75.	M/s Dunlop India Ltd, Dunlop House, Calcutta	M/s Dunlop Belting Division, PO Box No 7, Liverpool, L24 1 UY, UK	Nylon conveyor belts and automatic keying system for the curing press platens
76.	M/s Mining & Allied Machinery Corpn Ltd, Durgapur-713210, District Burdwan, West Bengal	M/s Greenbat Ltd, Albin Works, Armley Road, Leeds, IS 122 TP England	Trolley wire locomotives
*77.	Mr Kiran N. Javeri, 17-B, Hornimon Circle, Fort, Bombay (Composite case)	M/s Welwyn Electric Ltd, UK	Metal-film resistors
*78.	M/s Stibbi Raj Ltd, (F) 410, Industrial Area 'A', Ludhiana (Composite case)	M/s Stibbi (Butotex) Ltd, Phonex House, Island, Frog-Island, Licested, UK	Sophisticated high production interlock & rib machines
79.	M/s Jessop & Co Ltd, P Box No 108, 63, Netaji Subhash Road, Calcutta (Composite case)	M/s Gullick Dobson, UK	Self-advancing powered roof supports & components and heavy duty and staker & support and conveyor advancing mechanisms
80.	M/s Rathi Industrial Equipment Co Ltd, 27, Shankarshet Road, Poona	M/s Mikropul Ducon Ltd, Towerfield Industrial Estate, Shoeburyness, Essex-SS 3, England	Specialised type of size reduction equipment
81.	M/s Shalimar Wires & Industries Ltd, 27-A, CAMAC Street, Calcutta	M/s United Wire Group, Edinburg, Scotland, EH 51, UK	Fourdrinier wire cloth from synthetic filament
82.	M/s Telycon Industries Pvt Ltd, Plot No 37, Chandivli Querry Road, Chondivli, Bombay	M/s Stanelco Ltd, 4-Elstree Way, Borehamwood Herts WD-6 ISE, England	High power induction heaters
83.	M/s Mining & Allied Machinery Corpn Ltd, Durgapur-713210, Burdwan, West Bengal (Composite case)	M/s Dowty Mining Equipment Ltd, UK	Self advancing powered roof supports
*84.	M/s International Instruments Pvt Ltd, 140, Hosur Road, Bangalore-560034, (Karnataka State) (Composite case)	M/s Ticket Equipment Ltd, UK	Ticket issuing instrument

1	2	3	4
*85.	M/s Brake India Ltd, 37, Mount Road, Madras (Composite case)	M/s Birmid-Qualcast Ltd, UK	Permanent mould castings
*86.	M/s Gujarat Communications & Electronics Ltd, Express Building, R.C. Dutt Road, Baroda (Composite case)	M/s Plessey Co Ltd, UK	Instrument landing systems
*87.	Dr Peter Philip, 12/13, Jeevan Udyog, 278, Dr Dadabhoy Naroji Road, Bombay	M/s Kentredder Ltd, Longueville St. Saviour Jersey British Channel Islands	Procured tread rubber & associated retreading materials and retreading machinery
		INDIA—USA	
88.	M/s Sohal Engineering Works, Lal Bahadur Shastri Marg, Bhandup, Bombay	M/s Wean United Inc 948 Fort Duqeens Beulevard, Pittaburgh, Penssylvania-15222, USA	Rubber machinery
89.	M/s Orient Micro Abrasives Pvt Ltd, 2, Brabourne Road, Calcutta	M/s Bendix Corpn, Bendix Centre, Southfield, Michigan-48076, USA	Micro abrasives
*90.	M/s B.V. Raynam, Hyderabad, (M/s Andhra Electronics Pvt Ltd), 47/48, Cheekoti Gardens, Bagumpet, Hyderabad	M/s OLVA Corpn 11017, Sweet Potato Ridge, Brookville, Ohio, USA	Qurtz crystals and other assemblies
*91.	M/s ORR CEE Electronics Pvt Ltd, No 18, Police Station Road, Basaranagudi, Bangalore (Composite case)	M/s F-Dyne Electronics Co, USA	Plastic film capacitor
92.	M/s Bimetal Eearings Ltd, 2, Arts College Road, Coimbatore	M/s Gould Inc, Engine Parts Division, 17000 St Clair Avenue Cleveland, Ohio 44110, USA	Heavy wall bearings, bushings and thrust-washers
93.	M/s Modi Rubber Ltd, Modinagar (UP)	M/s Exxen Chemical Co, Chemical Technology Department, New Jersey, USA	Inner tube splicing machines
94.	M/s United Carbon India Ltd, NKM International House, 178, Backbay Reclamation, Bombay	M/s Ashland Oil Inc, PO Box 391, Ashland Kentucky 41101, USA	Natural rubber masterbatch
95.	M/s Premier Tyres Ltd, Merchant Chamber, 41, New Marine Line, Bombay	M/s Uniroyal Inc, Oxford Management and Research Centre, Middlebury, Connecticut-06749, USA	Synthetic fibre reinforced conveyor belting
*96.	M/s Engser Enterprises, 5th Floor, Commerce House, 2, G.C. Avenue, Calcutta	M/s Jacobson Mfg Co Inc, Mark Road, Kenilworth, NY 07033 USA	Extruded conduit locknuts
97.	M/s Amco Batteries Ltd, Post Bag No 3, Unity Building, Shri N.B. Square, Bangalore	M/s Gould Inc, 10, Gould Centre, Rolling Meadows, Illinois 60008, USA	Lead acid batteries
98.	M/s Chowgule & Co Pvt Ltd, Chowgule House, Mormugao Harbour, Goa	M/s E.I. Du Pont De Nemours & Co, 1007, Market Street, Willington, Delaware, 19898, USA	Explosives

1	2	3	4
99.	Mr Mahesh Prasad Gupta, Managing Partner, Peerless Products, K-40, Connaught Circus, New Delhi	M/s Bradly Pulveriser Co, Allentown, Pennsylvania, USA	Roller pulveriser mills systems & allied products
100.	M/s Nirlon Synthetic Fibres & Chemicals Ltd, Nirlon House, 254-B, Dr Annie Besant Road, Worli, Bombay	M/s Good Year Tire and Rubber Co, Akron, Ohio 44316, USA	Synthetic fabric reinforced conveyor belting
101.	M/s Hindustan Petroleum Corpn Ltd, 17, Jamshedjee Tata Road, Bombay	M/s Exxon Research & Engg Co, PO Box 251, Florham Park, New Jersey 07932, USA	Catalytic cracking unit (fuel refinery)
102.	M/s Business Combine Ltd, 78-B, Dr Annie Besant Road, Worli, Bombay (Composite case)	M/s Garrison Aydraulics, USA	Hydraulic power booster packs for steering mechanism of vehicles
103.	M/s Sterling Magnetics Pvt Ltd, Laxmi Vihar, Vasco-Da-Gama, Goa	M/s Walker Magnetics Group Inc, Rockdale Street, Worcester, MA 01606 USA	Lifting magnets, magnetic separators
104.	Mr Rajan S. Shah, C-12, Sea Face Park, 50, Bhulabhai Desai Road, Bombay	M/s Interdyne Inc, 5638, Professional Circle, PO Box 41267 Indianapolis, In 46241, USA	Solvent recovery plants
105.	M/s Crompton Greaves Ltd, Kanjur, Bhandup, Bombay	M/s Westinghouse Electric Corpn, Westinghouse Bldg, Gateway Centre, Pittsburg, Pennsylvania, USA	Aluminium wound transformers
*106.	M/s The Mysore Electrical Industries Ltd, Post Box No 2221, Bangalore	M/s Gould Incorporated, Spring House, Pennsylvania 19477, USA	Mould case circuit breakers
107.	M/s The Central Pulp Mills Ltd, 1183, Shivajinagar, Fergusson College Road, Poona	M/s Clupak Inc, 530, 5th Avenue, New York NY 10035, USA	High stretch development extensible paper
*108.	M/s Punjab Wireless Systems Ltd, A-12, Phase VI, S.A.S. Nagar (Mohali), District Roop Nagar, Punjab	M/s Repco Incorporated, 1940, Lockwood Way. Orland, Florida-32804	Trans-receivers
109.	M/s Kelvinator of India Ltd, 28, NIT, Faridabad, Haryana	M/s Kelvinator International Corpn, PO Box 9200, Grand Rapids, Michigan 49509, USA	Redesigned compressors
110.	M/s Sudhir Vinyls Pvt Ltd, New Indian Centre, 17, Cooperage Road, Bombay	M/s Allied Products Conporation 100 Garden City Plaza, Garden City, NY 11530	Hydropoxy resins
		INDIA—USSR	
111.	M/s Heavy Machine Building Plant, Heavy Engineering Corporation Plant, Plaza Road, Ranchi	M/s Prommash-exports, Moscow (USSR)	Drilling rigs

ABSTRACT

1.	Approvals involving financial participation	= 5
2.	Approvals involving only technical collaboration	= 106
	Total	111 (Including 15 composite cases.)

1	2	3	4
		(January to March 1978)	
		INDIA—BULGARIA	
*1.	Mr J.R. Daryani, (F) M/s Peejay Bulgarian Fisheries Ltd, (Proposed) PO 5418, New Delhi.	M/s Ribno Stopanstovo, Sofia, Bulgaria.	Deep Sea Fishing.
		INDIA—FRG	
2.	M/s Colour Chem Ltd, Bombay.	M/s Hoechst AG, 6240, Frankfurt-Main 80, FRG.	Synthetic Fat Liquors for the leath industry.
*3.	M/s Pavi Electrical Industries Pvt Ltd, 24 Parganas (West Bengal).	M/s DEMAG Aktiengesellschafts, 41, Duisburg Post Fach 2, FRG.	Medium and High Frequency Inductio Melting Furnaces.
4.	M/s Precision Bearings India Ltd, Bombay.	M/s G.u.j. Jaeger GmbH, FRG.	Needle Roller Bearing, Needle Rolle and Needle Roller Cages.
5.	M/s Orient Ceramics and Industries Ltd, New Delhi.	M/s Karl August Heimsoth, FRG.	Ceramic Wall Floor Tiles.
6.	M/s Renowned Auto Products Pvt Ltd, Madras.	M/s Fichtel & Sachs AG, D-872 Schweinfurt 2 Postfach 1140, FRG.	Gas filled Shock Absorbers for Aut mobile and Commercial Vehicles.
7.	M/s Braithwaite & Co Ltd, Calcutta.	M/s FRIED—KRUPP GmbH, Krupp Industries—Und Stablban, 2940, Wilhelmshaven, (FRG).	Sophisticated Cranes.
*8.	M/s Walchandnagar Industries Ltd, Bombay.	M/s Polysius AG, D-4723 Neubeckum, Graf-Galen-Str. 17, Postfabh 340, FRG.	Cement Making Machinery.
9.	M/s Siemens India Ltd, Bombay. (Composite case)	M/s Siemens AG, of FRG.	Electronic Measureand Convertors f Temperature Speed etc.
10.	M/s Utkal Machinery Ltd, Sundargarh, Orissa.	M/s Fa Hazemag E. Andreas GmbH, & Co D-44 Muenster, Postfach 3447, FRG.	Crushers & other allied equipment f hard and abrasive materials.
11.	M/s Indian Tool Manufacturing Ltd, Bombay. (Composite case)	M/s Industrie Worke Transport Systeme GmbH of FRG.	All Steel Marine Freight Containers.
12.	M/s Khandelwal Hermann Electronics Ltd, Bombay. (Composlte case)	M/s Siemens of FRG.	Silicon Diodes, Thyristors, Triacs e
*13.	M/s Pulverspray, Bombay.	M/s Resicoat, GmbH, Reutlingen, FRG.	Electrostatic Spray Plastic Powder.
		INDIA—FRANCE	
14.	Mr Y.G. Ghaisas, Poona.	M/s Societe Francaise Duco Department Industrie Direction 43, rue victor renelle, 93420, Stains, France.	Thermosetting coating powders.
15.	M/s Salem Steel Ltd, Salem (Tamil Nadu).	M/s Peugeot Loire, 102 Rue Danton, 92305 Levallois-Perret, France.	Cold Rolled Stainless Steel Sheets Strips.
16.	M/s Jessop & Co Ltd, Calcutta. (Composite case)	M/s Creusot-Loire of France.	Mobile Cranes.
17.	M/s Amar Watches Pvt Ltd, Bombay.	M/s Sandoz Frainier SA Les Fins, 25300 Morteau France.	Stainless Steel Watch Cases.
18.	M/s S.K. Foundry & Engg Products Pvt Ltd, Calcutta.	M/s Le Laboratoire-Metallurgique, Siege Soc. 8 AV Leclero-de-Hauteclocoue 57019 Metz GEDEX, BP 730 France.	Metallurgical Products for Steel Pl (Foundry Chemicals for Steel Plants).
		INDIA—HONGKONG	
19.	Miss Kamal Bhavanani, (F) Bombay.	M/s Pioneer Corpn, Chinese Chambers of Commerce Bldg, Hongkong.	Deep-Sea Fishing, Processing of Ma Products and Frog-legs.
		INDIA—ITALY	
20.	The Electro-Medical & Allied Industries Ltd, Calcutta.	M/s CGR of Italy.	X-Ray equipment.
*21.	M/s Dinesh Rubber Industries, Ahmedabad. (Composite case)	M/s Alfa, Gomma, SPA, Milano (Italy).	Agricultural & Industrial Suction charge and Delivery Hoses.

1	2	3	4
22.	M/s L & T McNeil Ltd, Bombay.	M/s Emilio Gozzini & Figli, 56029 S. Croce Sull 'Arno, Italia.	Leather Processing Machinery.
		INDIA—JAPAN	
23.	M/s Bharat Earth Movers Ltd, Bangalore.	M/s Komatsu Ltd, Tokyo, Japan.	D-355 Crawler Tractors.
24.	M/s Diamond Dies Manufacturing Corpn Ltd, Bangalore.	M/s Furukawa Electric Co Ltd, Tokyo, Japan.	Wire Drawing Diamond Dies.
25.	Mr P. Venkatesan, Coimbatore.	M/s Nippon Benkan Kogyo Co Ltd, 5-13, Sanno, 2, Chome, Ota Ku, Tokyo, Japan.	Specialised Forged Pipes Fittings.
		INDIA—SWITZERLAND	
*26.	M/s Hanuman Cottonseed Products Pvt Ltd, Bombay.	M/s Nestle Products Technical Assistance Co Ltd, Lausanne, Switzerland.	Cocoa Butter Equipment.
*27.	M/s Aruna Footwear Enterprises Ltd, C/o S.C. Sheth & Co Ltd, Bombay.	M/s Bally International Ltd, and M/s Bally Shoe Factories Ltd, of Schoenenwerd, Switzerland.	Leather Footwear.
*28. (F)	Cdr. S.D. Sinha, New Delhi.	Mr O. Bruhin Swiss C/o The Swiss Embassy, New Delhi.	Printed Circuit Boards & Electronics Assemblies.
29.	Mr N.K. Jhunjhunwala, New Delhi. (Composite case)	M/s George Fischer of Switzerland.	S.G. Iron Castings.
		INDIA—UK	
*30.	M/s Press Metal Corpn Pvt Ltd, Bombay.	M/s Ward Brothers (Sherburn) Ltd, Widespan Works, Sherburn, Malton, Yorkshire, UK.	Cold Roll Formed Metal Sections.
*31.	M/s Himson Textile Engg Industries, Surat.	M/s Ernest Scragg & Sons Ltd, Macclesfield Chesbire, England, UK.	Draw Texturising Machine.
32.	M/s Engineers India Ltd, New Delhi.	M/s Norbon Chemical Process Products Ltd, UK.	Valve Trays used in Process Industry.
33.	M/s General Electric Co of India Ltd, Calcutta.	M/s General Electric Co Ltd, 1, Stanhope Gate, London Wl AIEH.	Power Distribution Transformers including CTs & PTs upto 220 KV.
34.	M/s General Electric Co of India, Calcutta.	M/s General Electric Co Ltd, 1, Stanhope Gate, London Wl AIEH.	Special purpose transformers and reactors etc.
35.	M/s International Computers Indian Manufacture Ltd, Bombay. (Composite case)	M/s International Computers Ltd, of UK.	Computer System.
*36. (F)	Mr S. Viswanathan, M/s Consolidated Fishing Corpn (proposed), Madras.	M/s Agro Fisheries (West Africa) Ltd, PO Box 655 Lagos (Nigeria) & M/s Dalamal & Sons (London) Ltd, Ibex House (3rd Floor) Minories London EC 3	Deep Sea Fishing and Processing and Canning.
*37.	M/s Sunil Synchem Ltd, New Deihi. (Composite case)	M/s Mckernan Chemical Developments Ltd, of UK.	Ossein and Gelatin.
*38.	Mr P.K. Roy Choudhuri, England (Proposed) – M/s Fluid Control & Engg Co, Calcutta.	M/s Allspeeds Ltd, Royal Works, Accrington, England.	Hydraulic Prop-Jack.
*39. (F)	M/s Ballamy Marine Exports Pvt Ltd, Madras.	M/s Calendonian Sea Foods, Aberdean, Scotland.	Processed Marine Products
40. (F)	M/s Kubo Corporation Pvt Ltd, Bombay.	M/s Polar Chem Ltd, 34, Ebury Street, London SWI.	Polar combustion efficient products for control of air pollution.
41.	M/s Electrical Mfg Co Ltd, Calcutta.	M/s Fielding & Platt, Ltd. PO Box 10 Atlas Works Gloucester GLI 5 RF, England.	Extrusion Presses.
42.	M/s Gladstone Lyall & Co Ltd, Calcutta.	M/s Watercraft Limited, Sussex Shipyard, Shoreham-by-Sea, Sussex, England.	Glass fibre reinforced plastic (GRP) fishing vessels.

1	2	3	4
43.	M/s Deccan Mechanical & Chemical Industries Pvt Ltd, Pune.	M/s Babcock Hydro Pneumatics Ltd, UK.	Sugar Machinery, Material Handling a Ash Handling Equipment.
44.	M/s Machinery Manufacturers Corpn Ltd, Bombay. (Composite case)	M/s CPU Computers Limited, UK.	Microprocessor based data processi equipment.
45.	M/s Triveni Engineering Works Ltd, New Delhi. (Composite case)	M/s Thomas Broadbent and Sons Ltd, UK.	Industrial Batch Centrifuges, Industr Decanters and Textile centrifuges.
		INDIA—USA	
*46. (F)	Mr Ameenur Rahman, Madras.	M/s The Florsheim Shoe Company, 130 South Canel Adam Streets, Chicago, ILL USA.	Leather footwear.
*47 (F)	Mr A.V. Palaniswamy, Road No 1, Box-92-C, Clarks Sumit, Pa 18411, USA	M/s Allied Piping Products Co Inc, 2583, Industry Lane, Norristown, Pa. 19401, USA.	Grooved Pipe Couplings, Grooved Pi Fittings and Weld on Type Branchlets.
*48.	Mr C.V. Rm. Alagappa Chettiar, Madras. (Composite case)	M/s Breadmoor International Ltd, USA.	TV Receivers.
49.	M/s Taylor Instrument Co (India) Ltd, Faridabad (Haryana).	M/s Taylor Instrument Company, Division of Sybron Corporation Rochester, New York, USA.	Electronic Range of Process Contr Instruments.
*50. (F)	Mr N.D. Sirur, Tample Bar Building, 70, Forbes Street, Fort, Bombay-1.	(i) M/s Bemberg Industries Inc, New York and (ii) M/s Chemtex Inc, New York.	Linter Pulp and Bemberg Cuprammoniu Rayon Yarn.
*51.	M/s Metal Box Co of India Ltd, Calcutta. (Composite case)	M/s W.R. Grace and Co of New York (USA).	Lining Compound.
*52.	Mr Damodar Ratha, 9 Pali Hills, Bombay. (EPZ Case)	M/s Nytronics Components Group Inc, Orange Street, Darlington, South Cerolina, USA.	Polyester Capacitors, Polystyrene Capac tors and Metallised Capacitors.
53.	M/s Triveni Engineering Works Ltd, New Delhi. (Composite case)	M/s Joy Manufacturing Company (Denver Equipment Division) of UK & USA.	Metallurgical Machinery.
54.	M/s Himachal Pradesh Mineral and Industrial Development Corporation Ltd, Simla. (Composite case)	M/s P.T. Squared Inc, USA.	Ceramic Fixed Capacitors.
*55.	M/s ANCA Leathers Pvt Ltd, Bombay. (Composite case)	Mr Carlyle M. Franklin and Mr Kehar Singh Soodan of Illioois, USA.	Leather Goods.
		INDIA – USSR	
56.	M/s Bhilai Steel Plant, Bhilai (MP).	M/s Tiazhpromexport, Moscow, USSR.	Installation of Industrial-cum-Experi mental non-cooking coal dust injectio plant for blast furnace No 2 of Bhila Steel Plant.

ABSTRACT

1.	Approvals involving financial participation.	11
2.	Approvals involving only technical collaboration.	45
	Total	56* (Including 15 composite cases and one EPZ case.

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